

**CASCADE
CHARTER TOWNSHIP
Kent County, Michigan**

Comprehensive Annual Financial Report

For the year ended December 31, 2007

Auditing Procedures Report

[Reset Form](#)[Email](#)

Issued under Public Act 2 of 1968, as amended.

Unit Name	Cascade Charter Township	County	KENT	Type	TOWNSHIP	MuniCode	41-1-080
Opinion Date-Use Calendar	Jun 6, 2008	Audit Submitted-Use Calendar	Jun 25, 2008	Fiscal Year-Use Drop List	2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GA5B 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 4,075,625.00
General Fund Expenditure:	\$ 2,825,239.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 3,799,780.00
Governmental Activities Long-Term Debt (see instructions):	\$ 10,315,054.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Phillip	Last Name	Saurman	Ten Digit License Number	1101007917		
CPA Street Address	2910 Lucerne Drive SE	City	Grand Rapids	State	MI	Zip Code	49546
CPA Firm Name	Hungerford, Aldrin, Nichols & Associates, P.C.	Unit's Street Address	2865 Thornhills SE	City	Grand Rapids	LU Zip	49546

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.

C P A s A N D C O N S U L T A N T S

INDEPENDENT AUDITOR'S REPORT

June 6, 2008

The Township Board
Cascade Charter Township
Kent County, Michigan

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major funds and the aggregate remaining fund information of Cascade Charter Township (the "Township") as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the elected officials and management of the Township. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, the major funds and the aggregate remaining fund information of Cascade Charter Township as of December 31, 2007, and the respective changes in financial position and budgetary comparisons for the major governmental funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Cascade Charter Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

CASCADE CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2007

As management of the Cascade Charter Township ("the Township"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which immediately follow this section.

Financial Highlights

- The Township's net assets increased through 2007 operations by \$644,436 (or 3.4%).
- Infrastructure assets with a net book value of \$812,000, consisting of the Cascade Dam, were added to capital assets as of January 1, 2007 to comply with Governmental Accounting Standards Board requirements.
- Total expenses of the Township's programs were \$9,595,008.
- Total revenues, including all program and general revenues, were \$10,239,444.
- At the close of the current year, the Township's governmental funds reported combined ending fund balances of \$10,863,898, an increase of \$60,757 from the prior year.
- At the end of the current year, the unreserved undesignated fund balance for the General Fund was \$3,794,216, or 107 percent of total General Fund expenditures and transfers out.
- Total debt of the Township decreased by \$1,052,836 (9 percent) during the current year.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the Township:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *Government-wide financial statements* that provide both short-term and long-term information about the Township's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Township, reporting the Township's operations in more detail than the Government-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as township administration, public safety, library, parks and pathways, etc. were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

CASCADE CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2007

Government-wide Statements

The Government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-wide statements report the Township's net assets, and how they have changed. Net assets - the difference between the Township's assets and liabilities - is one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Township's overall health, one should consider additional non-financial factors such as changes in the Township's property tax-base and the condition of township buildings and other facilities.

In the Government-wide financial statements, the Township's activities are presented as follows:

- *Governmental activities:* The Township's basic services are included here, such as general government, public safety, public works, recreation and cultural and other services. State revenue sharing and property taxes finance most of these activities.

Government-Wide Financial Statements

The Statement of Net Assets provides financial information on the Township as a whole.

	<u>2007</u>	<u>2006</u>
Assets		
Current assets	\$ 16,731,565	\$ 16,089,851
Special assessments receivable	2,606,004	2,559,118
Capital assets	22,824,287	21,265,220
Less accumulated depreciation	<u>(5,418,832)</u>	<u>(4,143,271)</u>
Capital assets, net book value	<u>17,405,455</u>	<u>17,121,949</u>
Total Assets	<u>36,743,024</u>	<u>35,770,918</u>
Liabilities		
Current liabilities	6,955,748	6,361,433
Long-term liabilities	<u>9,173,363</u>	<u>10,252,008</u>
Total Liabilities	<u>16,129,111</u>	<u>16,613,441</u>
Net Assets		
Invested in capital assets, net of related debt	7,083,638	5,681,808
Restricted	3,445,074	3,290,095
Unrestricted	<u>10,085,201</u>	<u>10,185,574</u>
Total Net Assets	<u>\$ 20,613,913</u>	<u>\$ 19,157,477</u>

CASCADE CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2007

The Statement of Activities presents changes in net assets from operating results:

	<u>2007</u>	<u>2006</u>
Program Revenues		
Charges for services	\$ 2,356,740	\$ 2,266,828
Operating grant	65,100	—
General Revenues		
Property taxes	5,592,354	5,256,554
State/intergovernmental revenue	1,078,136	1,071,455
Interest earnings	890,386	772,302
Other	256,728	290,068
Total Revenues	<u>10,239,444</u>	<u>9,657,207</u>
Expenses		
General government	1,557,019	1,545,024
Public safety	3,621,899	3,568,755
Public works	2,811,968	779,743
Recreation and cultural	730,334	865,551
Other township	415,176	319,148
Interest on long-term debt	458,612	497,198
Total Expenses	<u>9,595,008</u>	<u>7,575,419</u>
Increase in net assets	644,436	2,081,788
Net Assets - Beginning of Year -		
As Restated	<u>19,969,477</u>	<u>17,075,689</u>
Net Assets - End of Year	<u><u>\$ 20,613,913</u></u>	<u><u>\$ 19,157,477</u></u>

Financial Analysis of the Township as a Whole

The Township's financial position is the product of many factors. Growth during the year in property tax base, increased interest rates on invested balances and developer contributions to sewer and water expansion projects were contributors to revenue increases. A reduction in state revenue sharing reduced anticipated state shared revenues. Sewer hook-up fees declined from \$560,000 in 2006 to \$140,000 in 2007. Total net assets increased by \$644,436 during the year due to these revenue factors and close budgetary control of expenses, while reducing the long-term debt of the Township.

Property taxes accounted for most of the Township's revenue, contributing about 55 cents of every dollar raised; licenses, permits, connection charges and other user fees accounted for 23 percent of revenues; another 11 percent came from state and other intergovernmental sources; 9 percent came from interest earnings during the year and the remainder from contributions, reimbursements and other sources.

The Township's expenses were predominantly related to public safety (38 percent); general government administration (16 percent); public works (29 percent, including \$2.25 million in water and sewer expansion projects); and recreation and cultural (7 percent). Interest on long-term debt totaled 5 percent of expenses for the year.

CASCADE CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2007

Financial Analysis of the Township's Funds

The fund financial statements provide more detailed information about the Township's funds, focusing on its most significant or "major" funds - not the Township as a whole. Funds are accounting devices the Township uses to keep track of specific sources of funding and spending on particular programs.

The Township utilizes two kinds of funds:

- *Governmental funds:* Most of the Township's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the Township-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds:* The Township is the trustee, or fiduciary, for assets that belong to others, such as property taxes. The Township is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and/or paid to those to whom the assets belong. The Township excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

The Township uses funds to record and analyze financial information. Cascade Charter Township's funds are described as follows:

Major Funds

The *General Fund* is our primary operating fund. The General Fund had total revenues of \$4,075,625, total expenditures of \$2,825,239, and transfers to other funds of \$706,098. It ended the fiscal year with a fund balance of \$3,799,780, up from \$3,255,492 at December 31, 2006.

The *Fire Fund* levies property taxes for fire protection services. The Fund had total revenues of \$1,977,755 and total expenditures of \$1,829,969, plus transfers out for debt service of \$94,194, and transfers in from the General Fund of \$400,000. It ended the year with a fund balance of \$1,461,180, up from \$1,007,588 at December 31, 2006.

The *Police Fund* levies property taxes for law enforcement purposes. The Fund had total revenues of \$734,194 and total expenditures of \$714,454. It ended the year with a fund balance of \$1,281,984, up from \$1,262,244 at December 31, 2006.

The *Improvement Revolving Fund* collects connection fees for sewer and water hookups to be used for the construction of extensions to the utility systems benefitting Township residents. The Fund had total revenues of \$1,229,440, total expenditures of \$2,596,044 and transfers out for debt service of \$15,000. It ended the year with a fund balance of \$969,927, down from \$2,351,531 at December 31, 2006.

The *Library Fund* levies property taxes for library building operations and capital improvements. The Fund does not pay for library personnel labor costs. The Fund had total revenues of \$705,274, total expenditures of \$181,636 and transfers out for debt service of \$206,775. It ended the year with a fund balance of \$1,067,374, up from \$750,511 at December 31, 2006.

CASCADE CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2007

The *Pathways Fund* levies property taxes for pathway maintenance, construction, improvements and debt service, and also has issued bonds for capital improvements. The Fund had total revenues of \$605,652 and total expenditures of \$499,902. It ended the year with a fund balance of \$915,082, up from \$809,332 at December 31, 2006.

The *Inspections Fund* collects inspection (building, mechanical, electrical, plumbing) permits from Cascade and other township residents to be used for maintaining the operations of the Inspections Department. The Fund had total revenues of \$777,670, and total expenditures of \$927,362. It ended the year with a fund balance of \$263,313, down from \$413,005 at December 31, 2006.

Nonmajor Funds

The *Dam Major Repair Fund* collects interest, rentals and General Fund contributions for use in major repairs to the Cascade Dam. Total revenues were \$ 11,907, and transfers in were \$20,000. It ended the year with a fund balance of \$301,692, up from \$269,785 at December 31, 2006.

The *HAZMAT Fund* collects contributions from surrounding governmental units to be used for hazardous waste clean-up. Total revenues were \$9,068 and expenditures totaled \$4,362. It ended the year with a fund balance of \$49,170, up from \$44,464 at December 31, 2006.

The *Open Space Preservation Capital Projects Fund* collects private contributions and transfers from the General Fund to fund future projects. Total revenues were \$75,782 and transfers in were \$50,000. Total expenditures were \$96. It ended the year with a fund balance of \$614,524, up from \$488,838 at December 31, 2006.

The Township operates three *Debt Service Funds* which collect special assessments and transfers from other Township Funds to be used for bond principal retirement and interest payments. Total revenues were \$6,172, total principal and interest expenditures were \$571,056 and transfers in from other funds were \$549,802. The ending fund balances totaled \$82,988, down from \$98,070 at December 31, 2006.

The *Cemetery Perpetual Care Fund* collects cemetery burial fees to be used for future improvements to Township cemeteries. Total revenues were \$2,735 and operating transfers in were \$2,265; total expenditures were \$397. It ended the year with a fund balance of \$56,884, up from \$52,281 at December 31, 2006.

The *Trust Account* and *Tax Account Funds* are operated as Agency Funds of the Township. The assets of these funds are being held for the future payment to the governmental units and businesses and individuals entitled to the monies. Balances on hand at December 31, 2007 totaled \$165,455 in the Trust Account and \$4,183,043 in the Tax Account.

General Fund Budgetary Highlights

Over the course of the year, the Township revised the annual operating budget several times to comply with Michigan Department of Treasury guidelines. The budget amendments were made to reflect changes in revenues and expenditures as they occurred during the year, including increases in property taxes, licenses and permits, interest income and other revenues; and general government and parks and recreation expenditures. The net effect of the budget amendments were not material to the overall operations of the Township during the year.

CASCADE CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2007

Capital Asset and Debt Administration

Capital Assets

By the end of 2007, the Township had a \$22,824,287 investment in a broad range of capital assets, including land, land improvements, infrastructure, buildings and improvements, vehicles and furniture and equipment. (More detailed information about capital assets can be found in the Notes to Basic Financial Statements.)

Net capital asset additions totaled \$213,161 for the fiscal year with accumulated depreciation increasing \$718,561. In addition, infrastructure assets with a net book value of \$812,000, consisting of the Cascade Dam, were added to the Township's balances as of January 1, 2007 to comply with GASB No. 34 accounting requirements. The net book value of capital assets at December 31, 2007 and 2006 is detailed as follows:

	<u>2007</u>	<u>2006</u>
Land	\$ 3,918,895	\$ 3,918,895
Land improvements	4,661,272	4,991,149
Infrastructure	784,000	—
Buildings and improvements	6,592,569	6,763,557
Furniture and equipment	662,323	559,480
Vehicles	<u>786,396</u>	<u>888,868</u>
Net Capital Assets	<u>\$ 17,405,455</u>	<u>\$ 17,121,949</u>

Long-Term Debt

At year end, the Township had \$10,315,054 in bonds (general obligation and special assessment), notes, installment purchase agreements and unused vacation, sick and compensation pay – prior year debt balances were reduced by payments of \$1,185,556 during the current year. There is more detailed information about long-term liabilities in the Notes to Basic Financial Statements. Long-term debt at December 31, 2007 and 2006 is detailed by type as follows:

	<u>2007</u>	<u>2006</u>
General obligation bonds	\$ 3,420,000	\$ 3,740,000
Building authority bonds	3,330,000	3,725,000
Special assessment bonds	118,000	145,000
Municipal purchase notes	3,135,000	3,455,000
Installment purchase agreements	230,869	279,751
Accumulated vacation pay	28,071	23,139
Accumulated sick leave	28,660	—
Accumulated compensation time	<u>24,454</u>	<u>—</u>
Total Long-term Debt	<u>\$ 10,315,054</u>	<u>\$ 11,367,890</u>

CASCADE CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2007

Factors Bearing on the Township's Future

At the time these financial statements were prepared and audited, the Township was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Township's initial General Fund budget for 2008 anticipates a reduction in year end fund balance of \$105,345. This estimate reflects property tax growth within the Township, continuing reductions in state shared revenues and a continuing effort to control/reduce costs within the Township, while continuing to maintain a high quality of taxpayer service.

Contacting the Township's Financial Management

This financial report is designed to provide the Township's citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact William Cousins, Township Manager, Cascade Charter Township, 2865 Thornhills SE, Grand Rapids, MI, 49546-7192.

BASIC FINANCIAL STATEMENTS

CASCADE CHARTER TOWNSHIP
Statement of Net Assets
December 31, 2007

	Primary Governmental Activities	Component Unit
Assets		
Current Assets		
Cash equivalents, deposits and investments (Note B)	\$ 10,826,108	\$ 1,778,460
Receivables:		
Taxes (Note C)	5,114,393	390,050
Accounts	295,086	14,141
Special assessments - current portion (Note F)	140,000	419
Due from other governmental units	355,978	-
Total Current Assets	<u>16,731,565</u>	<u>2,183,070</u>
Noncurrent Assets		
Special assessments receivable (Note F)	2,606,004	-
Capital assets (Note E)	22,824,287	2,731,882
Less accumulated depreciation	(5,418,832)	(873,601)
Total Noncurrent Assets	<u>20,011,459</u>	<u>1,858,281</u>
Total Assets	<u>36,743,024</u>	<u>4,041,351</u>
Liabilities		
Current Liabilities		
Accounts payable	478,469	43,798
Due to other governmental units	129,968	-
Accrued interest payable	91,227	9,133
Deferred revenue (Note F)	5,114,393	404,610
Current portion of noncurrent liabilities (Note G)	1,141,691	60,000
Total Current Liabilities	<u>6,955,748</u>	<u>517,541</u>
Noncurrent Liabilities (Note G)		
General obligation bonds payable	3,420,000	-
Building authority bonds payable	3,330,000	-
Special assessment bonds payable	118,000	-
Municipal purchase notes payable	3,135,000	-
Tax increment financing authority bonds payable	-	1,080,000
Installment purchase agreements payable	230,869	-
Accumulated vacation, sick, compensation time pay	81,185	-
Current portion of noncurrent liabilities (Note G)	(1,141,691)	(60,000)
Total Noncurrent Liabilities	<u>9,173,363</u>	<u>1,020,000</u>
Total Liabilities	<u>16,129,111</u>	<u>1,537,541</u>
Net Assets		
Invested in capital assets, net of related debt	7,083,638	769,148
Restricted for:		
Debt service	86,289	-
Capital projects	3,358,785	-
Unrestricted	10,085,201	1,734,662
Total Net Assets	<u><u>\$ 20,613,913</u></u>	<u><u>\$ 2,503,810</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Statement of Activities
For the year ended December 31, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants	Primary Government	Component Unit
Primary Government					
Governmental activities:					
General government	\$ 1,557,019	\$ 140,930	\$ -	\$ (1,416,089)	\$ -
Public safety	3,621,899	1,026,741	65,100	(2,530,058)	-
Public works	2,811,968	1,189,069	-	(1,622,899)	-
Recreational and cultural	730,334	-	-	(730,334)	-
Other township	415,176	-	-	(415,176)	-
Interest on long-term debt	458,612	-	-	(458,612)	-
Total Primary Government	\$ 9,595,008	\$ 2,356,740	\$ 65,100	(7,173,168)	-
Component Unit					
Downtown Development Authority	\$ 322,074	\$ -	\$ -		(322,074)
General revenues:					
Property taxes levied for:					
General operations				2,053,404	-
Fire				1,805,044	-
Police				653,885	-
Library				532,946	-
Pathways				547,075	-
Downtown development authority				-	830,226
State revenue sharing				1,056,223	-
Intergovernmental revenues				21,913	-
Interest and investment earnings				890,386	74,834
Other				266,052	30,476
Gain (loss) on sale of capital assets				(9,324)	-
Total General Revenues				7,817,604	935,536
Change in Net Assets				644,436	613,462
Net Assets - Beginning of Year				19,157,477	1,890,348
Add Infrastructure Net Assets as of January 1, 2007				812,000	-
Net Assets (Restated) - Beginning of Year				19,969,477	1,890,348
Net Assets - End of Year				\$ 20,613,913	\$ 2,503,810

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Balance Sheet
Governmental Funds
December 31, 2007

	General	Fire	Police	Special Improvement Revolving
Assets				
Cash equivalents, deposits and investments (Note B)	\$ 3,437,296	\$ 1,491,673	\$1,411,872	\$1,174,857
Receivables:				
Taxes (Note C)	1,484,127	1,851,928	670,649	-
Accounts	58,800	-	-	178,573
Special assessments (Note F)	-	-	-	2,739,180
Due from other funds (Note D)	76,017	2,886	-	-
Due from other governmental units	355,978	-	-	-
Total Assets	<u>\$ 5,412,218</u>	<u>\$ 3,346,487</u>	<u>\$2,082,521</u>	<u>\$4,092,610</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 73,207	\$ 33,379	\$ -	\$ 358,482
Due to other funds (Note D)	55,104	-	-	19,940
Due to other governmental units	-	-	129,888	-
Deferred revenue (Note F)	1,484,127	1,851,928	670,649	2,744,261
Total Liabilities	<u>1,612,438</u>	<u>1,885,307</u>	<u>800,537</u>	<u>3,122,683</u>
Fund Balances				
Reserved for:				
Debt service	-	-	-	-
Unreserved:				
Designated	5,564	-	-	969,927
Undesignated, reported in:				
General fund	3,794,216	-	-	-
Special revenue funds	-	1,461,180	1,281,984	-
Total Fund Balances	<u>3,799,780</u>	<u>1,461,180</u>	<u>1,281,984</u>	<u>969,927</u>
Total Liabilities and Fund Balances	<u>\$ 5,412,218</u>	<u>\$ 3,346,487</u>	<u>\$2,082,521</u>	<u>\$4,092,610</u>

See accompanying notes to basic financial statements.

<hr/>				
Revenue				
<u>Library</u>	<u>Pathways</u>	<u>Inspections</u>	<u>Other Governmental</u>	<u>Total</u>
\$ 1,073,244	\$ 915,162	\$ 266,217	\$ 1,055,787	\$ 10,826,108
546,593	561,096	-	-	5,114,393
-	-	-	-	237,373
-	-	-	6,824	2,746,004
-	-	3,973	50,000	132,876
-	-	-	-	355,978
<u>\$ 1,619,837</u>	<u>\$ 1,476,258</u>	<u>\$ 270,190</u>	<u>\$ 1,112,611</u>	<u>\$ 19,412,732</u>
\$ 5,870	\$ -	\$ 6,758	\$ 773	\$ 478,469
-	-	119	-	75,163
-	80	-	-	129,968
546,593	561,096	-	6,580	7,865,234
<u>552,463</u>	<u>561,176</u>	<u>6,877</u>	<u>7,353</u>	<u>8,548,834</u>
-	-	-	82,988	82,988
400,000	-	-	973,100	2,348,591
-	-	-	-	3,794,216
667,374	915,082	263,313	49,170	4,638,103
<u>1,067,374</u>	<u>915,082</u>	<u>263,313</u>	<u>1,105,258</u>	<u>10,863,898</u>
<u>\$ 1,619,837</u>	<u>\$ 1,476,258</u>	<u>\$ 270,190</u>	<u>\$ 1,112,611</u>	<u>\$ 19,412,732</u>

CASCADE CHARTER TOWNSHIP
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2007

Total governmental fund balances			\$ 10,863,898
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$22,824,287 and accumulated depreciation is \$5,418,832			17,405,455
Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds: Special assessments receivable			2,750,841
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:			
General obligation bonds	\$ (3,420,000)		
Building authority bonds	(3,330,000)		
Special assessment bonds	(118,000)		
Municipal purchase notes	(3,135,000)		
Installment purchase agreements	(230,869)		
Accumulated vacation, sick and compensation time pay	<u>(81,185)</u>	(10,315,054)	
Accrued interest is not included as a liability in governmental funds		<u>(91,227)</u>	
Total net assets - governmental activities			<u><u>\$ 20,613,913</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2007

	General	Fire	Police	Special Improvement Revolving
Revenues				
Taxes	\$ 2,053,404	\$ 1,805,044	\$ 653,885	\$ -
Licenses and permits	260,670	-	-	-
Federal sources	-	65,100	-	-
State sources	1,056,223	-	-	-
Intergovernmental sources	-	-	-	-
Charges for services	140,930	-	-	-
Fines and forfeitures	-	172	-	-
Interest and rentals	443,554	97,422	80,309	91,635
Other	120,844	10,017	-	1,137,805
Total Revenues	4,075,625	1,977,755	734,194	1,229,440
Expenditures				
Current:				
General government	1,545,040	-	-	-
Public safety	115,229	1,794,854	714,454	-
Public works	600,129	-	-	-
Recreational and cultural	33,866	-	-	-
Other township	367,959	-	-	-
Capital outlay	47,217	-	-	2,224,656
Debt service:				
Principal repayment	82,999	25,883	-	290,000
Interest and fiscal charges	32,800	9,232	-	81,388
Total Expenditures	2,825,239	1,829,969	714,454	2,596,044
Excess (Deficiency) of Revenues Over Expenditures	1,250,386	147,786	19,740	(1,366,604)
Other Financing Sources (Uses)				
Transfers in	-	400,000	-	-
Transfers out	(706,098)	(94,194)	-	(15,000)
Total Other Financing Sources (Uses)	(706,098)	305,806	-	(15,000)
Net Change in Fund Balances	544,288	453,592	19,740	(1,381,604)
Fund Balances, January 1	3,255,492	1,007,588	1,262,244	2,351,531
Fund Balances, December 31	\$ 3,799,780	\$ 1,461,180	\$ 1,281,984	\$ 969,927

See accompanying notes to basic financial statements.

Revenue

Library	Pathways	Inspections	Other Governmental	Total
\$ 532,946	\$ 547,075	\$ -	\$ -	\$ 5,592,354
-	-	759,899	-	1,020,569
-	-	-	-	65,100
-	-	-	-	1,056,223
21,913	-	-	-	21,913
-	-	-	6,000	146,930
-	-	-	-	172
54,065	58,577	16,812	48,012	890,386
96,350	-	959	51,652	1,417,627
<u>705,274</u>	<u>605,652</u>	<u>777,670</u>	<u>105,664</u>	<u>10,211,274</u>
-	-	-	397	1,545,437
-	-	927,362	4,362	3,556,261
-	-	-	-	600,129
181,636	15,693	-	-	231,195
-	-	-	-	367,959
-	-	-	96	2,271,969
-	290,000	-	422,000	1,110,882
-	194,209	-	149,056	466,685
<u>181,636</u>	<u>499,902</u>	<u>927,362</u>	<u>575,911</u>	<u>10,150,517</u>
<u>523,638</u>	<u>105,750</u>	<u>(149,692)</u>	<u>(470,247)</u>	<u>60,757</u>
-	-	-	622,067	1,022,067
(206,775)	-	-	-	(1,022,067)
<u>(206,775)</u>	<u>-</u>	<u>-</u>	<u>622,067</u>	<u>-</u>
316,863	105,750	(149,692)	151,820	60,757
<u>750,511</u>	<u>809,332</u>	<u>413,005</u>	<u>953,438</u>	<u>10,803,141</u>
<u>\$ 1,067,374</u>	<u>\$ 915,082</u>	<u>\$ 263,313</u>	<u>\$ 1,105,258</u>	<u>\$ 10,863,898</u>

CASCADE CHARTER TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended December 31, 2007

Net change in fund balances - total governmental funds		\$ 60,757
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:		
	Capital outlays	\$ 213,161
	Depreciation expense	<u>(718,561)</u>
		(505,400)
In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.		
		(23,094)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Special assessments		51,264
Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:		
Repayment of general obligation bonds	320,000	
Repayment of building authority bonds	395,000	
Repayment of special assessment bonds	27,000	
Repayment of municipal purchase notes	320,000	
Repayment of installment purchase agreements	<u>48,882</u>	1,110,882
Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid.		
		8,073
In the Statement of Net Assets, accumulated vacation, sick and compensation time pay is measured by the amount earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits earned (\$132,720) exceeded the amounts used/paid (\$74,674).		
		<u>(58,046)</u>
Total changes in net assets - governmental activities		<u><u>\$ 644,436</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2007

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,948,293	\$ 2,057,643	\$ 2,053,404	\$ (4,239)
Licenses and permits	173,441	224,065	260,670	36,605
State sources	1,068,960	1,068,960	1,056,223	(12,737)
Charges for services	167,870	161,120	140,930	(20,190)
Interest and rentals	291,766	383,725	443,554	59,829
Other	68,740	129,046	120,844	(8,202)
Total Revenues	3,719,070	4,024,559	4,075,625	51,066
Expenditures				
Current:				
General government:				
Township board	32,901	32,901	26,044	6,857
Supervisor	5,500	5,500	5,443	57
Manager	148,632	161,427	152,766	8,661
Elections	115,570	115,570	108,604	6,966
Assessor	187,769	188,269	168,430	19,839
Clerk	116,250	123,250	117,319	5,931
General administration	9,200	10,735	10,536	199
Treasurer	402,580	534,045	475,865	58,180
Buildings and grounds	28,444	28,444	3,599	24,845
Cemetery	542,534	574,300	476,434	97,866
Total general government	1,589,380	1,774,441	1,545,040	229,401
Public safety:				
Planning	162,741	140,741	115,229	25,512
Public works:				
Drains	49,300	62,156	23,652	38,504
Highways, streets and bridges	428,306	429,106	377,769	51,337
Street lighting	121,540	121,540	118,522	3,018
Hydrant rental	38,941	38,941	37,960	981
Sanitation services	60,600	60,600	42,226	18,374
Total public works	698,687	712,343	600,129	112,214
Recreation and cultural:				
Parks and recreation	38,956	59,981	33,281	26,700
Historical	3,150	3,150	585	2,565
Total recreation and cultural	42,106	63,131	33,866	29,265
Other township	469,548	472,701	367,959	104,742
Capital outlay	56,000	56,000	47,217	8,783

(Continued)

CASCADE CHARTER TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2007

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Debt service:				
Principal repayment	\$ 82,998	\$ 82,999	\$ 82,999	\$ -
Interest and fiscal charges	32,801	32,800	32,800	-
	<u>115,799</u>	<u>115,799</u>	<u>115,799</u>	<u>-</u>
Total Expenditures	<u>3,134,261</u>	<u>3,335,156</u>	<u>2,825,239</u>	<u>509,917</u>
Excess of Revenues Over Expenditures	<u>584,809</u>	<u>689,403</u>	<u>1,250,386</u>	<u>560,983</u>
Other Financing Sources (Uses)				
Transfers out	<u>(704,807)</u>	<u>(704,807)</u>	<u>(706,098)</u>	<u>(1,291)</u>
Net Change in Fund Balances	<u>(119,998)</u>	<u>(15,404)</u>	<u>544,288</u>	<u>559,692</u>
Fund Balances, January 1	<u>3,255,492</u>	<u>3,255,492</u>	<u>3,255,492</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 3,135,494</u></u>	<u><u>\$ 3,240,088</u></u>	<u><u>\$ 3,799,780</u></u>	<u><u>\$ 559,692</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Fire Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2007

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 1,812,756	\$ 1,805,044	\$ (7,712)
Federal sources	65,100	65,100	-
Fines and forfeitures	938	172	(766)
Interest and rentals	85,000	97,422	12,422
Other	10,335	10,017	(318)
Total Revenues	1,974,129	1,977,755	3,626
Expenditures			
Current:			
Public safety	2,113,244	1,794,854	318,390
Debt service:			
Principal repayment	25,883	25,883	-
Interest and fiscal charges	9,242	9,232	10
Total Expenditures	2,148,369	1,829,969	318,400
Excess (Deficiency) of Revenues Over Expenditures	(174,240)	147,786	322,026
Other Financing Sources (Uses)			
Transfers in	400,000	400,000	-
Transfers out	(94,194)	(94,194)	-
Total Other Financing Sources (Uses)	305,806	305,806	-
Net Change in Fund Balances	131,566	453,592	322,026
Fund Balances, January 1	1,007,588	1,007,588	-
Fund Balances, December 31	\$ 1,139,154	\$ 1,461,180	\$ 322,026

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Police Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2007

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 657,282	\$ 653,885	\$ (3,397)
Interest and rentals	61,800	80,309	18,509
Other	1,750	-	(1,750)
Total Revenues	<u>720,832</u>	<u>734,194</u>	<u>13,362</u>
Expenditures			
Current:			
Public safety:			
Law enforcement	646,512	714,454	(67,942)
Net Change in Fund Balances	74,320	19,740	(54,580)
Fund Balances, January 1	<u>1,262,244</u>	<u>1,262,244</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 1,336,564</u></u>	<u><u>\$ 1,281,984</u></u>	<u><u>\$ (54,580)</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Improvement Revolving Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2007

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Interest and rentals	\$ 97,042	\$ 91,635	\$ (5,407)
Other	3,125,337	1,137,805	(1,987,532)
Total Revenues	<u>3,222,379</u>	<u>1,229,440</u>	<u>(1,992,939)</u>
Expenditures			
Capital outlay	3,288,957	2,224,656	1,064,301
Debt service:			
Principal repayment	290,000	290,000	-
Interest and fiscal charges	81,488	81,388	100
Total debt service	<u>371,488</u>	<u>371,388</u>	<u>100</u>
Total Expenditures	<u>3,660,445</u>	<u>2,596,044</u>	<u>1,064,401</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(438,066)</u>	<u>(1,366,604)</u>	<u>(928,538)</u>
Other Financing Sources (Uses)			
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>(453,066)</u>	<u>(1,381,604)</u>	<u>(928,538)</u>
Fund Balances, January 1	<u>2,351,531</u>	<u>2,351,531</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 1,898,465</u></u>	<u><u>\$ 969,927</u></u>	<u><u>\$ (928,538)</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Library Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2007

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 534,866	\$ 532,946	\$ (1,920)
Intergovernmental sources	20,300	21,913	1,613
Interest and rentals	48,800	54,065	5,265
Other	75,850	96,350	20,500
Total Revenues	<u>679,816</u>	<u>705,274</u>	<u>25,458</u>
Expenditures			
Current:			
Recreation and cultural:			
Library	<u>205,427</u>	<u>181,636</u>	<u>23,791</u>
Excess of Revenues Over Expenditures	<u>474,389</u>	<u>523,638</u>	<u>49,249</u>
Other Financing Sources (Uses)			
Transfers out	<u>(206,775)</u>	<u>(206,775)</u>	<u>-</u>
Net Change in Fund Balances	267,614	316,863	49,249
Fund Balances, January 1	<u>750,511</u>	<u>750,511</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 1,018,125</u></u>	<u><u>\$ 1,067,374</u></u>	<u><u>\$ 49,249</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Pathways Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2007

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 549,479	\$ 547,075	\$ (2,404)
Interest and rentals	43,000	58,577	15,577
Total Revenues	<u>592,479</u>	<u>605,652</u>	<u>13,173</u>
Expenditures			
Current:			
Recreation and cultural:			
Parks and recreation	26,067	15,693	10,374
Debt service:			
Principal repayment	290,000	290,000	-
Interest and fiscal charges	194,211	194,209	2
Total debt service	<u>484,211</u>	<u>484,209</u>	<u>2</u>
Total Expenditures	<u>510,278</u>	<u>499,902</u>	<u>10,376</u>
Net Change in Fund Balances	82,201	105,750	23,549
Fund Balances, January 1	<u>809,332</u>	<u>809,332</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 891,533</u></u>	<u><u>\$ 915,082</u></u>	<u><u>\$ 23,549</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Inspections Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2007

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Licenses and permits	\$ 783,552	\$ 759,899	\$ (23,653)
Interest and rentals	16,000	16,812	812
Other	900	959	59
Total Revenues	<u>800,452</u>	<u>777,670</u>	<u>(22,782)</u>
Expenditures			
Current:			
Public safety	<u>1,044,054</u>	<u>927,362</u>	<u>116,692</u>
Net Change in Fund Balances	(243,602)	(149,692)	93,910
Fund Balances, January 1	<u>413,005</u>	<u>413,005</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 169,403</u></u>	<u><u>\$ 263,313</u></u>	<u><u>\$ 93,910</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Component Unit
Balance Sheet
December 31, 2007

	<u>Downtown Development Authority</u>
Assets	
Cash equivalents, deposits and investments (Note B)	\$ 1,778,460
Taxes receivable (Note C)	390,050
Accounts receivable	14,141
Special assessments receivable	<u>419</u>
Total Assets	<u><u>\$ 2,183,070</u></u>
 Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 43,798
Deferred revenue	<u>404,610</u>
Total Liabilities	<u>448,408</u>
 Fund Balances	
Unreserved:	
Undesignated	<u>1,734,662</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,183,070</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Component Unit
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2007

	Downtown Development Authority
Revenues	
Taxes	\$ 830,226
Interest and rentals	74,834
Other	30,476
Total Revenues	<u>935,536</u>
Expenditures	
Current:	
General government	157,724
Debt service:	
Principal repayment	60,000
Interest and fiscal charges	57,925
Total debt service	<u>117,925</u>
Total Expenditures	<u>275,649</u>
Net Change In Fund Balances	659,887
Fund Balances, Beginning of Year	<u>1,074,775</u>
Fund Balances, End of Year	<u><u>\$ 1,734,662</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Fiduciary Funds
Statement of Fiduciary Net Assets
December 31, 2007

	<u>Agency Funds</u>
Assets	
Cash equivalents, deposits and investments (Note B)	<u>\$ 4,348,498</u>
Liabilities	
Due to other funds (Note D)	\$ 57,713
Due to other governmental units	4,130,363
Escrow deposits	<u>160,422</u>
Total Liabilities	<u>\$ 4,348,498</u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

Note A – Summary of Significant Accounting Policies

Cascade Charter Township was organized as a general law township under applicable laws of the State of Michigan and was incorporated as a charter township on May 16, 1980 under provisions of Act 359, Public Acts of 1947, as amended by the Public Acts of 1976. The Township is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and four Trustees. The Township is administered by a Manager appointed by the aforementioned Board. The Township provides, or contributes to the providing of, the following services to its residents as provided by statute: public safety (police, fire, inspection), highways and streets, parks and recreation, cultural, public improvements, planning and zoning, general administrative and other services.

The financial statements of Cascade Charter Township (the “Township”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to Townships. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Township’s accounting policies are described below.

1. Reporting Entity

The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable.

The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationships to the Township.

Cascade Charter Township Building Authority
Cascade Charter Township Downtown Development Authority

Blended Component Units

Entities whose governing bodies are substantially the same as the governing body of the primary government, or those which provide services entirely, or virtually entirely, for the benefit of the primary government, are disclosed as blended component units.

The *Cascade Charter Township Building Authority* is blended in the Debt Service Funds because its sole purpose is to finance and construct the Township’s public buildings. Separate financial statements are not prepared for the Building Authority.

Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, Cascade Charter Township remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Cascade Charter Township is such that exclusion of these entities would render the financial statements misleading or incomplete.

The *Cascade Charter Township Downtown Development Authority* is responsible for the improvement and ongoing maintenance and debt service of the Downtown Development Improvement District. Separate financial statements are not prepared for the Downtown Development Authority.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the Township as a whole. The reported information includes all of the nonfiduciary activities of the Township. The Township does not allocate indirect costs and, except for certain interfund reimbursements, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Township. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The Township does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Township's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, state revenue sharing, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *Fire Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and debt service of the Township Fire Department.

The *Police Special Revenue Fund* accounts for property tax revenues levied to maintain law enforcement activities in the Township.

The *Improvement Revolving Special Revenue Fund* accounts for special assessments and fees used to construct and improve the sewer sanitation and water supply systems in the Township.

The *Library Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and debt service of the Township library.

The *Pathways Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and debt service of the Township pedestrian pathways system.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

The *Inspections Special Revenue Fund* accounts for permit fees collected to maintain the operations of the Township inspections department.

Additionally, the Township reports the following non-major fund types:

The *Cascade Dam Major Repair Fund* accounts for rental fees and General Fund contributions collected to be used for major repairs or renovations to the Cascade Dam.

The *HAZMAT Special Revenue Fund* accounts for intergovernmental fees to be used for the disposal of hazardous materials.

The *Debt Service Funds* account for special assessments and transfers to be used for bond principal retirement and interest payments.

The *Open Space Preservation Capital Projects Fund* collects private contributions and transfers to be used to fund future projects.

The *Cemetery Trust Permanent Fund* accounts for fees collected to be used for cemetery improvements.

The *Trust Account Agency Fund* accounts for the collection of bonds and deposits and the payment to the governmental units or other persons entitled to receive these funds.

The *Tax Account Agency Fund* accounts for the collection of current and delinquent property taxes and the payment to the governmental units or other persons entitled to receive these funds.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Taxes, intergovernmental revenues and interest associated with current period are all considered to susceptible to accrual and have been recognized as revenues of the current fiscal period. Property taxes levied for the subsequent fiscal year are presented as deferred revenue at fiscal year end.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General and Special Revenue Funds are subject to legal budgetary accounting controls and are budgeted annually. The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The budgets are generated with input from the Township Manager, the various department heads, Supervisor, Clerk, Treasurer and the Township Trustees.
- The completed budgets are then presented to Township electors at a public budget hearing in September, at which time taxpayer comments and recommendations are heard. These operating budgets include proposed expenditures and the means of financing them for the General Fund and Special Revenue Funds.
- Prior to January 1, the budgets are legally enacted on a departmental (activity) basis through passage of an appropriations resolution.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budgets as amended by the Township.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for each individual fund.

5. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

6. Capital Assets

Capital assets, which include land, land improvements, infrastructure, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$2,500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, infrastructure, buildings and improvements, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-30 years
Infrastructure	50 years
Buildings and improvements	25-40 years
Vehicles	5-20 years
Furniture and equipment	5-15 years

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Accumulated Vacation, Sick and Compensation Time Pay

Accumulated vacation, sick and compensation time pay at December 31, 2007 has been computed and recorded in the financial statements of the Township. At present, each Township employee may accumulate all unused vacation, sick and compensation time days and be reimbursed at their current salary rate for total days accumulated upon termination or retirement. At December 31, 2007, the accumulated liability (expected to be financed by General Fund and Fire and Inspections Special Revenue Funds revenues) amounted to \$81,185.

9. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

10. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

11. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as transfers in or out. Transfers between governmental funds are eliminated in the Statement of Activities. Transfers in the fund financial statements are reported as other financing sources/uses.

12. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a Township in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a Township in Michigan.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

Balances at December 31, 2007 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Cash equivalents, deposits and investments per the Statement of Net Assets:

Primary government	\$10,826,108
Component Unit	1,778,460

Cash equivalents, deposits and investments of Fiduciary Funds:

Primary government:	
Agency Funds	<u>4,348,498</u>
	<u><u>\$16,953,066</u></u>

Cash Equivalents and Deposits

Cash equivalents consist of bank public funds checking, savings and money market accounts. Deposits consist of certificates of deposit.

Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. National City Bank of the Midwest
2. Huntington National Bank
3. Lasalle Bank Midwest N.A.
4. Fifth Third Bank
5. Mercantile Bank of Michigan
6. Chemical Bank West
7. Flagstar Bank

December 31, 2007 balances are detailed as follows:

Cash equivalents	\$ 7,992,264
Deposits	<u>928,845</u>
	<u><u>\$ 8,921,109</u></u>

Custodial credit risk

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be returned to the Township. Protection of Township cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the Township's cash equivalents and deposits was \$8,921,109 and the bank balance was \$9,519,696. Of the bank balance, \$700,000 was covered by federal depository insurance and \$8,819,696 was uninsured and uncollateralized.

Investments

Investments consist of a surplus funds investment pool. The Kent County Pooled Investment Fund is not subject to regulatory oversight, is not registered with the SEC, does not obtain a credit rating, and does not issue a separate report. The net assets value of the pool does not fluctuate and the fair value of the position in the pools is the same as the value of the pool shares. The investment pool government agency obligations include discounted notes having maturity dates ranging from 1/02/08 to 2/25/19. Interest rates range from 3.16% to 6.19%.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

As of December 31, 2007 the Township and its component unit had the following investments in their portfolio:

	Fair Value	
	Primary Government	Component Unit
Investment Pool Account: Kent County Pooled Investment Fund	\$ 6,253,497	\$ 1,778,460

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Township may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township minimizes custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business. All security transactions, including collateral for repurchase agreements entered into by the Township, shall be conducted on a cash (or delivery vs. payment) basis. Securities may be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township's investment policy requires that commercial paper be rated within the two highest classifications established by not less than two standard rating services at the time of purchase. Mutual fund investments must have a par share value intended to maintain a net asset value of at least \$1.00 per share.

Interest Rate Risk

In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements. Unless matched to a specific cash flow, the Township will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as possible with the expected use of the funds.

Concentration of Credit Risk

The Township minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, through its diversification policy which states the objective of the Township is to protect principal by diversifying its cash management portfolio to the extent practical and within sound business practices. With the exception of U.S. Treasury Securities and authorized pools, no more than fifty percent of the Township's total investment portfolio will be invested in single security type or with a single financial institution.

Foreign Currency Risk

The Township is not authorized to invest in investments which have this type of risk.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

Note C – General Property Taxes

Property taxes for the Township and County become due and payable on December 1 of each year. School district taxes are payable July 1 and December 1 of each year, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Property tax revenues are recognized by the Township in the calendar year for which taxes have been levied. For the 2007 calendar year, the 2006 Township property tax levies are recognized in the amounts collected. As the 2007 property tax roll was levied for 2008 operations, Township taxes that become due December 1, 2007 have not been included as revenue for the year ended December 31, 2007. Instead, the uncollected portion of the 2007 Township tax roll at December 31, 2007 is reported in the General, Police, Fire, Library and Pathways Funds as taxes receivable, with total 2007 Township levies reported as deferred revenue.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Kent County, Kent District Library, Kent Intermediate School District, Grand Rapids Community College, Caledonia Community Schools, Forest Hills Public Schools and Lowell Area Schools. The collection and remittance of taxes are accounted for in the Tax Account Agency Fund. Taxes collected in December, 2007 on the 2007 tax roll are shown as amounts due to other governmental units in the Tax Account Agency Fund.

The Township is permitted by statute (Act 359, Public Acts of 1947, as amended by Public Acts of 1976) to levy up to 1.1 mills of general property taxes on the taxable valuation in the Township. Due to the effect of the Headlee Amendment, the actual tax levies were reduced to .9716 mills for 2007 general operations. The Township also levied 1.3152 mills for fire protection, .4763 mills for police protection, .3882 mills for library services and .3985 mills for pathways, as previously approved by Township electors and reduced by the effect of the Headlee Amendment.

The Township also levies street lighting and hydrant rental assessments on benefiting real property in the Township.

The tax collection record of Township taxes for the past four years is shown in the following summary:

	2007	2006	2005	2004
Township taxes levied	\$4,980,453	\$4,703,867	\$4,288,108	\$3,975,585
Taxes collected:				
Current to March 1	4,724,273	4,520,349	4,107,451	3,822,057
Total to December 31, 2007	4,962,472	4,691,637	4,282,962	3,973,597
Percentages of collections:				
Current to March 1	94.86%	96.10%	95.79%	96.14%
Total to December 31, 2007	99.64%	99.74%	99.88%	99.95%

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon State Equalized Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for prior years are compared with 2006 valuations in the following summary:

Year	Real	Personal	Total
2006	\$1,264,263,936	\$138,819,167	\$1,403,083,103
2005	1,193,619,730	131,546,127	1,325,165,857
2004	1,118,866,865	127,329,203	1,246,196,068
2003	1,061,911,828	130,160,600	1,192,072,428
2002	1,011,639,610	135,639,100	1,147,278,710
2001	955,669,815	131,302,300	1,086,972,115
2000	892,195,449	131,854,979	1,024,050,428
1999	836,089,119	134,908,873	970,997,992
1998	791,675,035	109,630,700	901,305,735
1997	735,840,066	99,440,840	835,280,906

The State Equalized Valuations do not include valuation of certain facilities which are exempt under Act 198, Public Acts 1974 or Act 255, Public Acts 1978. These Acts are designed to provide stimulus in the form of significant tax incentives to industrial and commercial enterprises to renovate and expand aging facilities and to build new facilities in Michigan. Under the provisions of the Acts, a local governmental unit (city, village or township) in which the total property tax levy is at least 30 mills or in which a city income tax is levied may establish rehabilitation districts and industrial development districts to encourage restoration or replacement of obsolete facilities and to attract new plants to the area.

An Industrial (Act 198) or Commercial Act (Act 255) Facilities Exemption Certificate entitles the facility to exemption from ad valorem real and personal property taxes for a period of up to 12 years. In lieu of the property tax, the firm will pay a specific tax. The tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the ad valorem property tax, the important difference being that the state equalized valuation of the property remains at the level assessed on the obsolete facility prior to the improvements, even though the restoration or replacement substantially increases the true cash value of the facility. For a new facility being built in a rehabilitation or a development district, the tax is also determined the same as the ad valorem property tax but instead of using the total mills levied as ad valorem taxes, only half the millage rate is applied. The amount of the resulting tax thus is equal to 50% of the property tax which otherwise would be payable. The 2006 valuations of these certificates is compared with prior years in the following exhibit:

Year	Real	Personal	Total
2006	\$21,660,788	\$26,016,000	\$47,676,788
2005	19,557,695	27,189,500	46,747,195
2004	27,308,598	28,283,200	55,591,798
2003	25,266,200	27,428,800	52,695,000
2002	26,448,122	30,987,200	57,435,322
2001	26,324,071	33,995,800	60,319,871
2000	25,798,120	31,576,300	57,374,420
1999	23,842,608	20,994,200	44,836,808
1998	16,614,047	17,010,200	33,624,247
1997	22,493,922	19,866,200	42,360,122

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

Note D – Due From (To) Other Funds/Transfers In (Out)

Amounts due from (to) other funds representing 2007 interest earnings, 2007 budgeted transfers and expenditure allocation corrections due at December 31, 2007 are detailed as follows:

	Due From	Due To
General Fund:		
Special Revenue Funds:		
Fire Fund	\$ —	\$ 2,886
Improvement Revolving Fund	18,185	—
Inspections Fund	119	2,218
Capital Projects Fund:		
Openspace Preservation Fund	—	50,000
Agency Funds:		
Trust Account Agency Fund	5,033	—
Tax Account Agency Fund	52,680	—
	<hr/>	<hr/>
	76,017	55,104
Special Revenue Funds:		
Fire Fund:		
General Fund	2,886	—
Improvement Revolving Fund:		
General Fund	—	18,185
Inspections Fund	—	1,755
	<hr/>	<hr/>
	—	19,940
Inspections Fund:		
General Fund	2,218	119
Improvement Revolving Fund	1,755	—
	<hr/>	<hr/>
	3,973	119
Capital Projects Fund:		
Openspace Preservation Fund:		
General Fund	50,000	—
Agency Funds:		
Trust Account Agency Fund:		
General Fund	—	5,033
Tax Account Agency Fund:		
General Fund	—	52,680
	<hr/>	<hr/>
	—	57,713
	<hr/>	<hr/>
	\$ 132,876	\$ 132,876

Interfund transfers during the year ended December 31, 2007 were as follows:

	Transfers In	Transfers Out
Major Funds		
General Fund:		
Special Revenue Funds:		
Fire Special Revenue Fund	\$ —	\$ 400,000
Cascade Dam Major Repair Fund	—	20,000

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds (Continued)		
Debt Service Funds:		
Building Authority Fund	\$ —	\$ 233,833
Capital Projects Fund:		
Openspace Preservation Fund	—	50,000
Permanent Fund:		
Cemetery Perpetual Care Fund	—	2,265
	<hr/>	<hr/>
Total General Fund	—	706,098
Fire Fund:		
General Fund	400,000	—
Building Authority Debt Service Fund	—	94,194
Improvement Revolving Fund:		
1988-A Debt Service Fund	—	15,000
Library Fund:		
Building Authority Debt Service Fund	—	206,775
	<hr/>	<hr/>
Total Major Funds	400,000	1,022,067
	<hr/>	<hr/>
Nonmajor Funds		
Special Revenue Fund:		
Cascade Dam Major Repair Fund:		
General Fund	20,000	—
Debt Service Funds:		
1988-A Fund:		
Improvement Revolving Special Revenue Fund	15,000	—
Building Authority Fund:		
General Fund	233,833	—
Fire Special Revenue Fund	94,194	—
Library Special Revenue Fund	206,775	—
Capital Projects Fund:		
Openspace Preservation Fund:		
General Fund	50,000	—
Permanent Fund:		
Cemetery Perpetual Care Fund:		
General Fund	2,265	—
	<hr/>	<hr/>
Total Nonmajor Funds	622,067	—
	<hr/>	<hr/>
Total	\$ 1,022,067	\$ 1,022,067
	<hr/>	<hr/>

The General Fund transfer to the Fire Special Revenue Fund was made to pay the amount budgeted for 2007 to support Township fire expenditures. The General Fund transfer to the Cemetery Perpetual Care fund was made to pay the agreed-upon portion of cemetery fees collected in 2007. The General Fund transfer to Dam Major Repair Fund was made to maintain a previously agreed-on level of fund balance in the Dam Major Repair Fund. The General Fund transfer to the Open Spaces Preservation was made to pay the previously agreed-on annual amount to fund future capital outlays.

All of the transfers to the Debt Service Funds were made to fund required 2007 principal and interest payments.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

Note E – General Fixed Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

	<u>Balances</u> <u>January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>December 31, 2007</u>
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 3,918,895	\$ —	\$ —	\$ 3,918,895
Capital assets being depreciated:				
Land improvements	6,763,001	5,817	—	6,768,818
Infrastructure, as restated	1,400,000	—	—	1,400,000
Buildings and improvements	8,203,921	26,033	—	8,229,954
Furniture and equipment	800,991	181,311	—	982,302
Vehicles	1,578,412	—	54,094	1,524,318
Totals at historical cost	<u>22,665,220</u>	<u>213,161</u>	<u>54,094</u>	<u>22,824,287</u>
Less accumulated depreciation for:				
Land improvements	1,771,852	\$ 335,694	\$ —	2,107,546
Infrastructure, as restated	588,000	28,000	—	616,000
Buildings and improvements	1,440,364	197,021	—	1,637,385
Furniture and equipment	241,511	78,468	—	319,979
Vehicles	689,544	79,378	31,000	737,922
Totals at historical cost	<u>4,731,271</u>	<u>\$ 718,561</u>	<u>\$ 31,000</u>	<u>5,418,832</u>
Net Capital Assets -				
Governmental Activities	<u>\$ 17,933,949</u>			<u>\$ 17,405,455</u>

Depreciation expense was charged to Township activities as follows:

General government	\$ 98,362
Public safety	121,060
Recreation and cultural	499,139
	<u>\$ 718,561</u>

Discretely Presented Component Unit

Capital asset activity for the Downtown Development Authority (DDA) for the year ended December 31, 2007 was as follows:

	<u>Balances</u> <u>January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>December 31, 2007</u>
Capital assets not depreciated:				
Land	\$ 59,366	\$ —	\$ —	\$ 59,366
Capital assets being depreciated:				
Land improvements	2,672,516	—	—	2,672,516
Totals at historical cost	<u>2,731,882</u>	<u>—</u>	<u>—</u>	<u>2,731,882</u>
Less accumulated depreciation	<u>766,701</u>	<u>\$ 106,900</u>	<u>\$ —</u>	<u>873,601</u>
Net DDA Capital Assets	<u>\$ 1,965,181</u>			<u>\$ 1,858,281</u>

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

Note F – Deferred Revenue/Special Assessments Receivable

Deferred revenue of the General and Fire, Police, Library and Pathways Special Revenue Funds represents 2007 property tax levies that became due December 31, 2007, and are levied for 2008 operations.

Deferred revenue of the Improvement Revolving Special Revenue and Debt Service Funds represents the uncollected balances of special assessment rolls levied on benefiting water and sewer customers in the Township. As these special assessments are collected, they are recognized as revenues and credited at that time to fund balances.

Note G –Long-Term Debt

Amounts available and to be provided for long-term debt at December 31, 2007 are summarized as follows:

	<u>Bond Issues</u>	<u>Municipal Purchase Notes</u>	<u>Installment Purchase Agreements</u>	<u>Accumulated Vacation, Sick and Comp. Time</u>	<u>Total</u>
Primary Government					
Amounts Available For Retirement Of Long-Term Debt					
Debt Service Funds	\$ 82,988	\$ —	\$ —	\$ —	\$ 82,988
Amounts To Be Provided For Retirement of Long-Term Debt					
General Fund	1,266,902	655,000	23,809	81,185	2,026,896
Special Revenue Funds:					
Fire Fund	645,687	—	207,060	—	852,747
Improvement Revolving Fund	1,935,000	—	—	—	1,935,000
Library Fund	1,417,411	—	—	—	1,417,411
Pathways Fund	1,485,000	2,480,000	—	—	3,965,000
Debt Service Funds	35,012	—	—	—	35,012
Total Primary Government	<u>6,868,000</u>	<u>3,135,000</u>	<u>230,869</u>	<u>81,185</u>	<u>10,315,054</u>
Discretely Presented Component Unit					
Amounts To Be Provided For Retirement of Long-Term Debt					
Downtown Development Authority	1,080,000	—	—	—	1,080,000
Total Amounts Available and To Be Provided	<u>\$7,948,000</u>	<u>\$3,135,000</u>	<u>\$ 230,869</u>	<u>\$ 81,185</u>	<u>\$11,395,054</u>

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

Changes in long-term debt for the year ended December 31, 2007 are summarized as follows:

	Debt Outstanding Jan. 1, 2007	Debt Added	Debt Retired	Debt Outstanding Dec. 31, 2007
<u>Primary Government</u>				
Bond Issues				
General obligation:				
March 19, 1996	\$ 130,000	\$ -	\$ 65,000	\$ 65,000
September 26, 2002	970,000	—	—	970,000
September 26, 2002	735,000	—	75,000	660,000
November 19, 2002	1,360,000	—	150,000	1,210,000
January 12, 2005	545,000	—	30,000	515,000
Building Authority:				
May 1, 1994	260,000	—	25,000	235,000
February 1, 1997	395,000	—	70,000	325,000
February 5, 2003 (General)	783,462	—	76,560	706,902
February 5, 2003 (Fire)	715,617	—	69,930	645,687
February 5, 2003 (Library)	1,570,921	—	153,510	1,417,411
Special assessment:				
July 1, 1988	28,000	—	14,000	14,000
July 1, 1995	117,000	—	13,000	104,000
Municipal Purchase Notes				
Pedestrian Pathways:				
November 1, 1999	1,015,000	—	105,000	910,000
November 14, 2000	1,020,000	—	95,000	925,000
March 6, 2002	705,000	—	60,000	645,000
Leslie E. Tassell Park:				
March 6, 2002 (General)	715,000	—	60,000	655,000
Installment Purchase Agreements				
Vehicles:				
December 22, 2004	32,895	—	16,163	16,732
December 22, 2004	13,913	—	6,836	7,077
December 29, 2005	232,943	—	25,883	207,060
Accumulated Vacation Pay	23,139	79,606	74,674	28,071
Accumulated Sick Leave	—	28,660	—	28,660
Accumulated Compensation Time	—	24,454	—	24,454
Total Primary Government	<u>11,367,890</u>	<u>132,720</u>	<u>1,185,556</u>	<u>10,315,054</u>
<u>Discretely Presented Component Unit</u>				
Bond Issues				
Tax Increment Financing Authority:				
December 1, 2000	1,140,000	—	60,000	1,080,000
Total Long-Term Debt	<u>\$12,507,890</u>	<u>\$ 132,720</u>	<u>\$1,245,556</u>	<u>\$11,395,054</u>

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

Long-term bonds, notes and installment purchase agreements at December 31, 2007 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
<u>Primary Government</u>				
General Obligation Bonds				
\$650M 1996 Refunding:				
Annual maturity of \$65M	Dec. 1, 2008	4.80	\$ 65,000	\$ 65,000
\$970M 2002 Pathways Improvement:				
Annual maturities of \$5M to \$290M	Nov. 1, 2017	3.20 - 4.20	970,000	—
\$955M 2002 Water & Sewer Improvement:				
Annual maturities of \$55M to \$80M	Nov. 1, 2017	3.00 - 4.20	660,000	55,000
\$1,935M 2002 Refunding:				
Annual maturities of \$160M to \$190M	Dec. 1, 2014	3.00 - 4.00	1,210,000	160,000
\$560M 2005 Pathways Improvement:				
Annual maturities of \$45M to \$60M	Nov. 1, 2017	2.80 - 4.10	515,000	45,000
Building Authority Bonds				
\$465M 1994 Township Real Property Acquisition:				
Annual maturities of \$25M to \$40M	May 1, 2014	6.20 - 6.25	235,000	25,000
\$950M 1997 Township Hall Remodeling:				
Annual maturities of \$75M to \$85M	Dec. 1, 2011	5.05 - 5.25	325,000	75,000
\$1,060M 2003 Township Capital Outlay Refunding:				
Annual maturities of \$24M to \$108M	Aug. 1, 2016	3.00 - 4.00	706,902	77,835
\$969M 2003 Fire Station Refunding:				
Annual maturities of \$22M to \$99M	Aug. 1, 2016	3.00 - 4.00	645,687	71,095
\$2,126M 2003 Library Building Refunding:				
Annual maturities of \$49M to \$217M	Aug. 1, 2016	3.00 - 4.00	1,417,411	156,070
Special Assessment Bonds				
\$350M 1988A Water and Sewer Improvement:				
Annual maturity of \$14M	Oct. 1, 2008	7.80	14,000	14,000
\$238M 1995 Water and Sewer Improvement:				
Annual maturities of \$13M	July 1, 2015	5.60 - 5.95	104,000	13,000
Municipal Purchase Notes				
\$1,640M 1999 Pathways Improvement:				
Annual maturities of \$110M to \$150M	Nov. 1, 2014	4.95 - 5.40	910,000	110,000
\$1,505M 2000 Pathways Improvement:				
Annual maturities of \$100M to \$135M	Nov. 1, 2015	4.70 - 5.25	925,000	100,000
\$965M 2002 Pathways Improvement:				
Annual maturities of \$60M to \$85M	Nov. 1, 2016	3.75 - 4.70	645,000	60,000
\$980M 2002 Tassell Park Improvement:				
Annual maturities of \$60M to \$85M	Nov. 1, 2016	3.75 - 4.70	655,000	60,000

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>	<u>Amount Due Within One Year</u>
Installment Purchase Agreements				
\$64M 2004 Vehicle Purchase:				
Annual maturity of \$16,732	Nov. 1, 2008	3.49	\$ 16,732	\$ 16,732
\$27M 2004 Vehicle Purchase:				
Annual maturity of \$7,077	Nov. 1, 2008	3.49	7,077	7,077
\$259M 2005 Vehicle Purchase:				
Annual maturities of \$25,882	June 1, 2015	4.20	<u>207,060</u>	<u>25,882</u>
Total Primary Government			<u>10,233,869</u>	<u>1,136,691</u>
<u>Discretely Presented Component Unit</u>				
Tax Increment Financing Authority Bonds				
\$1,300M 2000 DDA Development:				
Annual maturities of \$60M to 110M	May 1, 2020	4.75 - 5.25	<u>1,080,000</u>	<u>60,000</u>
Total Long-Term Debt			<u><u>\$11,313,869</u></u>	<u><u>\$ 1,196,691</u></u>

The General Obligation Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded by ad valorem property tax levies, investment earnings and hookup charges.

The Building Authority Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded by ad valorem property tax levies and lease payments from the Township.

The Special Assessment Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded through special assessments levied against properties deemed to benefit from these public improvements.

The Municipal Purchase Notes are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded by ad valorem property tax levies and investment earnings.

The Installment Purchase Agreements will be repaid by the Fire Special Revenue Fund of the Township. Debt service requirements are funded by ad valorem property tax levies and investment earnings.

The accumulated vacation, sick and compensation time pay liability will be liquidated by the Township's General Fund and Fire and Inspections Special Revenue Funds.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

The annual requirements to pay principal and interest on long-term bonds and notes outstanding for the Primary Government are as follows:

Year Ended December 31	Principal	Interest	Total
2008	\$ 1,136,691	\$ 420,526	\$ 1,557,217
2009	1,078,883	376,855	1,455,738
2010	1,138,882	335,430	1,474,312
2011	1,198,883	290,000	1,488,883
2012	1,203,882	240,715	1,444,597
2013	1,263,883	190,686	1,454,569
2014	1,373,882	136,642	1,510,524
2015	753,883	78,423	832,306
2016	655,000	45,776	700,776
2017	430,000	18,000	448,000
	<u>\$ 10,233,869</u>	<u>\$ 2,133,053</u>	<u>\$ 12,366,922</u>

The annual requirements to pay principal and interest on long-term bonds outstanding for the Component Unit (Downtown Development Authority) are as follows:

Year Ended December 31	Principal	Interest	Total
2008	\$ 60,000	\$ 54,800	\$ 114,800
2009	65,000	51,950	116,950
2010	65,000	48,862	113,862
2011	70,000	45,776	115,776
2012	75,000	42,416	117,416
2013	80,000	38,664	118,664
2014	80,000	34,664	114,664
2015	85,000	30,586	115,586
2016	90,000	26,250	116,250
2017	95,000	21,526	116,526
2018	100,000	16,538	116,538
2019	105,000	11,288	116,288
2020	110,000	5,772	115,772
	<u>\$ 1,080,000</u>	<u>\$ 429,092</u>	<u>\$ 1,509,092</u>

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

Note H – Retirement Plans

As of March 1, 2004, the Township joined the agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, non-duty and duty death allowances and post-retirement adjustments to plan members and their beneficiaries. The most recent period for which actuarial data was available was as of December 31, 2005.

MERS was organized pursuant to Section 12a of Act 156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a), as amended, State of Michigan. MERS is regulated under Act 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplemental information for the retirement system. That report may be obtained by writing to Municipal Employees Retirement System of Michigan, 447 Canal Road, Lansing, MI 48917-9755.

MERS members are required to contribute a varying amount depending upon which plan they fall under. Township employee contributions for 2007 were 5.05% of covered payroll. The Township is required to contribute at an actuarially determined rate; the current rates are 0.0% to 134.30% of annual covered payroll depending on the plan. Cascade Township contributed 10.00% of covered payroll in 2007. The contribution requirements of plan members and the commission are established and may be amended by MERS.

For the year ended December 31, 2007, the Township's contributions totaling \$209,451 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2005. Employee contributions totaled \$108,110. The employer contribution rate has been determined using the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used included (a) 8.0% long-term net investment rate of return, (b) projected salary increases of 4.50% per year plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases and (c) 4.50% per year cost-of-living adjustments. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Trend information for the Cascade Township MERS pension plan using the entry age normal actuarial method is presented as follows:

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2004	\$151,435	100%	—
2005	207,204	100%	—
2006	255,809	100%	—
2007	209,451	100%	—

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2007

Actuarial accrued liabilities are presented as follows:

Year Ended December 31	Accrued Liabilities	Valuation Assets	Funded Percent	Unfunded Accrued Liability	UAL as Percent of Annual Payroll
2004	\$3,689,877	\$2,105,082	59%	\$1,524,795	90%
2005	4,154,374	2,508,939	60%	1,645,435	80%

The Township has also maintained participation in a defined contribution pension plan for four trustees, the Township Supervisor and one department head, administered through an insurance company. Township contributions at 10.00% of wages totaled \$5,310 for 2007.

Note I – Lease Agreement

The Township entered into a renewed agreement in 2005, which provides for the leasing of the Cascade Dam to a private company for the purpose of generating and selling hydroelectric power. The lease term is fourteen years (through 2018) with annual base rentals of \$60,000 plus an annual maintenance reserve fee of \$5,000, which will be collected by the Township General Fund. Twenty-five percent of this revenue (\$15,000) plus the \$5,000 maintenance reserve fee is set aside each year in the Cascade Dam Major Repair Fund. At December 31, 2007, the Cascade Dam Major Repair Fund had accumulated \$301,692.

Note J – Contingencies

The Township is a defendant in a case pending in the Michigan Court of Appeals. This case involves the appeal of a denial of a rezoning to allow a mineral extraction operation in the Township. While the complaint originally sought reversal of the Township's zoning decision, there is also a count for damages in excess of \$5 million. At trial, plaintiff only pursued the damage claim. Legal counsel is monitoring this litigation on behalf of the Township since the Township insurance carrier could refuse to pay a judgment if that judgment is based upon an unlawful taking of property by the Township.

Note K – Stewardship, Compliance and Accountability

The following Township fund had actual expenditures exceed final budgeted expenditures for the year ended December 31, 2007, as follows:

	Budget	Actual	Negative Variance
Special Revenue Fund			
Police Fund	\$ 646,512	\$ 714,454	\$ 67,942

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CASCADE CHARTER TOWNSHIP
General Fund
Comparative Balance Sheet
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash equivalents, deposits and investments	\$ 3,437,296	\$ 3,040,282
Receivables:		
Taxes	1,484,127	1,436,971
Accounts	58,800	3,390
Due from other funds	76,017	66,561
Due from other governmental units	355,978	189,830
Total Assets	<u><u>\$ 5,412,218</u></u>	<u><u>\$ 4,737,034</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 73,207	\$ 44,571
Due to other funds	55,104	-
Deferred revenue	1,484,127	1,436,971
Total Liabilities	<u>1,612,438</u>	<u>1,481,542</u>
Fund Balances		
Unreserved:		
Designated for capital outlay	5,564	51,019
Undesignated	3,794,216	3,204,473
Total Fund Balances	<u>3,799,780</u>	<u>3,255,492</u>
Total Liabilities and Fund Balances	<u><u>\$ 5,412,218</u></u>	<u><u>\$ 4,737,034</u></u>

CASCADE CHARTER TOWNSHIP
General Fund
Comparative Schedule of Revenues
For the years ended December 31, 2007 and 2006

	2007	2006
Taxes:		
Current property taxes	\$ 1,300,149	\$ 1,237,833
Hydrant rental assessment	48,126	34,570
Street lighting assessment	70,095	64,584
Delinquent property taxes	10,910	2,831
Industrial facilities taxes	21,914	22,966
Interest and penalties on taxes	29,303	12,177
Tax administration fees	572,907	529,420
	<u>2,053,404</u>	<u>1,904,381</u>
Licenses and permits:		
Cablevision fees	243,915	196,676
Soil erosion fees	15,852	20,481
Dog licenses	343	354
Other permits	560	520
	<u>260,670</u>	<u>218,031</u>
State sources:		
Sales taxes	1,043,426	1,037,224
PA 48/Metro Authority	12,797	12,814
	<u>1,056,223</u>	<u>1,050,038</u>
Charges for services:		
Planning and zoning fees	40,605	41,292
Summer tax collection fees	24,794	25,132
P.A. 198 tax application fees	2,000	7,000
Yard waste tag fees	2,032	3,459
Sewer and water implementation fees	18,661	64,867
Grave openings	15,150	12,150
Cemetery care fees	90	4,040
Passport application fees	37,410	32,880
Sale of printed materials	188	321
	<u>140,930</u>	<u>191,141</u>
Interest and rentals:		
Interest on deposits and investments	296,096	241,335
Rental income	147,458	128,448
	<u>443,554</u>	<u>369,783</u>
Other revenue:		
Sale of assets	13,770	6,878
Contributions	35,885	64,750
Interfund reimbursements	46,656	45,296
Park income	4,875	6,010
Reimbursements	11,772	12,308
Refunds and rebates	7,110	7,630
Other	776	8,623
	<u>120,844</u>	<u>151,495</u>
Total Revenues	<u><u>\$ 4,075,625</u></u>	<u><u>\$ 3,884,869</u></u>

CASCADE CHARTER TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended December 31, 2007 and 2006

	2007	2006
Current:		
General government:		
Township board:		
Personnel services	\$ 18,989	\$ 18,828
Other services and charges	7,055	12,374
	<u>26,044</u>	<u>31,202</u>
Supervisor:		
Personnel services	5,437	5,279
Other services and charges	6	373
	<u>5,443</u>	<u>5,652</u>
Manager:		
Personnel services	146,889	135,174
Other services and charges	5,877	8,595
	<u>152,766</u>	<u>143,769</u>
Clerk:		
Personnel services	105,284	101,781
Other services and charges	2,720	2,343
Capital outlay	600	437
	<u>108,604</u>	<u>104,561</u>
Board of review:		
Personnel services	2,463	2,237
Treasurer:		
Personnel services	94,563	104,307
Other services and charges	22,756	6,567
	<u>117,319</u>	<u>110,874</u>
Assessor:		
Personnel services	139,010	141,864
Supplies	900	499
Other services and charges	26,057	22,999
	<u>165,967</u>	<u>165,362</u>
Elections:		
Personnel services	3,859	5,347
Supplies	733	1,269
Other services and charges	5,944	15,530
	<u>10,536</u>	<u>22,146</u>
General administration:		
Personnel services	59,245	60,937
Supplies	23,654	18,806
Other services and charges	391,735	374,078
Capital outlay	1,800	4,291
	<u>476,434</u>	<u>458,112</u>
Buildings and grounds:		
Personnel services	156,948	156,198
Supplies	1,297	1,129
Other services and charges	317,020	212,512
Capital outlay	600	128
	<u>475,865</u>	<u>369,967</u>
Cemetery:		
Other services and charges	3,599	12,921
Total general government	<u>1,545,040</u>	<u>1,426,803</u>

(Continued)

CASCADE CHARTER TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Public safety:		
Planning:		
Personnel services	\$ 103,203	\$ 120,711
Supplies	245	-
Other services and charges	11,781	13,171
Total public safety	<u>115,229</u>	<u>133,882</u>
Public works:		
Drains:		
Other services and charges	23,652	14,923
Highways, streets and bridges:		
Capital outlay	377,769	290,005
Street lighting:		
Other services and charges	116,143	102,056
Capital outlay	2,379	3,926
	<u>118,522</u>	<u>105,982</u>
Hydrant rental:		
Other services and charges	37,960	37,800
Sanitation services:		
Other services and charges	42,226	29,309
Total public works	<u>600,129</u>	<u>478,019</u>
Recreation and cultural:		
Parks and recreation:		
Supplies	2,704	2,105
Other services and charges	30,577	68,335
Capital outlay	-	112,474
	<u>33,281</u>	<u>182,914</u>
Historical:		
Supplies	585	2,231
Total recreation and cultural	<u>33,866</u>	<u>185,145</u>
Other township:		
Personal services	229,525	275,672
Other services and charges	138,434	132,679
Total other township	<u>367,959</u>	<u>408,351</u>
Capital outlay	47,217	55,916
Debt service:		
Principal repayment	82,999	77,216
Interest and fiscal charges	32,800	35,370
Total debt service	<u>115,799</u>	<u>112,586</u>
Total Expenditures	<u><u>\$ 2,825,239</u></u>	<u><u>\$ 2,800,702</u></u>

NONMAJOR GOVERNMENTAL FUNDS

CASCADE CHARTER TOWNSHIP
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2007

	Special Revenue		Debt Service	
	Dam Major Repair	HAZMAT	1988-A	1995-A
Assets				
Cash equivalents, deposits and investments	\$ 301,692	\$ 49,943	\$ 1,323	\$ 81,421
Special assessments receivable	-	-	244	6,580
Due from other funds	-	-	-	-
Total Assets	\$ 301,692	\$ 49,943	\$ 1,567	\$ 88,001
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 773	\$ -	\$ -
Deferred revenue	-	-	-	6,580
Total Liabilities	-	773	-	6,580
Fund Balances				
Reserved for:				
Debt service	-	-	1,567	81,421
Unreserved:				
Designated	301,692	-	-	-
Undesignated	-	49,170	-	-
Total Fund Balances	301,692	49,170	1,567	81,421
Total Liabilities and Fund Balances	\$ 301,692	\$ 49,943	\$ 1,567	\$ 88,001

Capital Projects Open Space Preservation	Permanent Cemetery Perpetual Care	Total
\$ 564,524	\$ 56,884	\$ 1,055,787
-	-	6,824
50,000	-	50,000
<u>\$ 614,524</u>	<u>\$ 56,884</u>	<u>\$ 1,112,611</u>
\$ -	\$ -	\$ 773
-	-	6,580
-	-	7,353
-	-	82,988
614,524	56,884	973,100
-	-	49,170
<u>614,524</u>	<u>56,884</u>	<u>1,105,258</u>
<u>\$ 614,524</u>	<u>\$ 56,884</u>	<u>\$ 1,112,611</u>

CASCADE CHARTER TOWNSHIP
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2007

	Special Revenue		Debt Service	
	Dam Major Repair	HAZMAT	1988-A	1995-A
Revenues				
Charges for services	\$ -	\$ 6,000	\$ -	\$ -
Interest and rentals	11,907	2,356	293	4,939
Other	-	712	-	940
Total Revenues	<u>11,907</u>	<u>9,068</u>	<u>293</u>	<u>5,879</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	4,362	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	14,000	13,000
Interest and fiscal charges	-	-	2,584	6,670
Total Expenditures	<u>-</u>	<u>4,362</u>	<u>16,584</u>	<u>19,670</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,907</u>	<u>4,706</u>	<u>(16,291)</u>	<u>(13,791)</u>
Other Financing Sources				
Transfers in	<u>20,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Net Change in Fund Balances	<u>31,907</u>	<u>4,706</u>	<u>(1,291)</u>	<u>(13,791)</u>
Fund Balances, January 1	<u>269,785</u>	<u>44,464</u>	<u>2,858</u>	<u>95,212</u>
Fund Balances, December 31	<u><u>\$ 301,692</u></u>	<u><u>\$ 49,170</u></u>	<u><u>\$ 1,567</u></u>	<u><u>\$ 81,421</u></u>

Building Authority	Capital Projects Open Space Preservation	Permanent Cemetery Perpetual Care	Total
\$ -	\$ -	\$ -	\$ 6,000
-	25,782	2,735	48,012
-	50,000	-	51,652
-	75,782	2,735	105,664
-	-	397	397
-	-	-	4,362
-	96	-	96
395,000	-	-	422,000
139,802	-	-	149,056
534,802	96	397	575,911
(534,802)	75,686	2,338	(470,247)
534,802	50,000	2,265	622,067
-	125,686	4,603	151,820
-	488,838	52,281	953,438
\$ -	\$ 614,524	\$ 56,884	\$ 1,105,258

CASCADE CHARTER TOWNSHIP
Cascade Dam Major Repair Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2007

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Interest and rentals	\$ 11,030	\$ 11,907	\$ 877
Expenditures			
Current:			
General government	35,000	-	35,000
Excess (Deficiency) of Revenues Over Expenditures	(23,970)	11,907	35,877
Other Financing Sources			
Transfers in	20,000	20,000	-
Net Change in Fund Balances	(3,970)	31,907	35,877
Fund Balances, January 1	269,785	269,785	-
Fund Balances, December 31	<u>\$ 265,815</u>	<u>\$ 301,692</u>	<u>\$ 35,877</u>

CASCADE CHARTER TOWNSHIP
HAZMAT Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2007

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Charges for services	\$ 6,000	\$ 6,000	\$ -
Interest and rentals	2,530	2,356	(174)
Other revenue	811	712	(99)
Total Revenues	<u>9,341</u>	<u>9,068</u>	<u>(273)</u>
Expenditures			
Current:			
Public safety	15,711	4,362	11,349
Net Change in Fund Balances	<u>(6,370)</u>	<u>4,706</u>	<u>11,076</u>
Fund Balances, January 1	<u>44,464</u>	<u>44,464</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 38,094</u></u>	<u><u>\$ 49,170</u></u>	<u><u>\$ 11,076</u></u>

SPECIAL REVENUE FUNDS

Fire —to accumulate property tax revenues and interest earnings to maintain the Township Fire Department.

Police —to accumulate property tax revenues and interest earnings to support law enforcement in the Township.

Improvement Revolving —to accumulate collections of special assessments (hookup fees) for connection to the water and sewer system to be used for sewer and water extension projects.

Cascade Dam Major Repair —to accumulate a portion of rental fees reserved from the Cascade Dam operation to be used for major repairs or renovations to the Dam.

Library —to accumulate property tax revenues, interest earnings and contributions to be used for library operation and debt service purposes.

Pathways —to accumulate property tax revenues and interest earnings to be used for the construction, improvement, maintenance and debt service of the Township pedestrian pathways system.

Inspections —to accumulate permit fees to be used for the operation of the Township inspection department.

HAZMAT —to accumulate HAZMAT fees from other units to be used for the disposal of hazardous materials.

CASCADE CHARTER TOWNSHIP
Fire Special Revenue Fund
Comparative Balance Sheet
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash equivalents, deposits and investments	\$ 1,491,673	\$ 1,046,051
Taxes receivable	1,851,928	1,797,962
Due from other funds	<u>2,886</u>	<u>-</u>
Total Assets	<u><u>\$ 3,346,487</u></u>	<u><u>\$ 2,844,013</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 33,379	\$ 17,215
Due to other funds	-	21,248
Deferred revenue	<u>1,851,928</u>	<u>1,797,962</u>
Total Liabilities	<u>1,885,307</u>	<u>1,836,425</u>
Fund Balances		
Unreserved:		
Undesignated	<u>1,461,180</u>	<u>1,007,588</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,346,487</u></u>	<u><u>\$ 2,844,013</u></u>

CASCADE CHARTER TOWNSHIP
Fire Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2007 and 2006

	2007	2006
Revenues		
Taxes:		
Current property taxes	\$ 1,759,948	\$ 1,675,598
Delinquent property taxes	13,874	3,132
Industrial facilities taxes	29,476	30,740
Penalties and interest on taxes	1,746	220
Total taxes	1,805,044	1,709,690
Federal sources:		
Homeland security grant	65,100	-
Fines and forfeitures:		
District court fines	172	347
Interest and rentals:		
Interest on deposits and investments	97,422	72,809
Other revenue:		
Sale of assets	1,360	2,695
Donations	3,595	6,265
Refunds and rebates	3,152	1,500
Other	1,910	310
Total other revenue	10,017	10,770
Total Revenues	1,977,755	1,793,616
Expenditures		
Current:		
Public safety:		
Fire department:		
Personnel services	1,411,022	1,425,010
Supplies	42,825	39,531
Other services and charges	281,282	205,699
Capital outlay	59,725	63,570
	1,794,854	1,733,810
Debt service:		
Principal repayment	25,883	46,839
Interest and fiscal charges	9,232	10,692
Total debt service	35,115	57,531
Total Expenditures	1,829,969	1,791,341
Excess of Revenues Over Expenditures	147,786	2,275
Other Financing Sources (Uses)		
Transfers in	400,000	400,000
Transfers out	(94,194)	(95,941)
Total Other Financing Sources (Uses)	305,806	304,059
Net Change in Fund Balances	453,592	306,334
Fund Balances, January 1	1,007,588	701,254
Fund Balances, December 31	\$ 1,461,180	\$ 1,007,588

CASCADE CHARTER TOWNSHIP
Police Special Revenue Fund
Comparative Balance Sheet
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash equivalents, deposits and investments	\$ 1,411,872	\$ 1,328,855
Taxes receivable	670,649	651,104
Due from other funds	-	4,529
Total Assets	<u><u>\$ 2,082,521</u></u>	<u><u>\$ 1,984,488</u></u>
 Liabilities and Fund Balances		
Liabilities		
Due to other governmental units	\$ 129,888	\$ 71,140
Deferred revenue	670,649	651,104
Total Liabilities	<u>800,537</u>	<u>722,244</u>
Fund balances		
Unreserved:		
Undesignated	<u>1,281,984</u>	<u>1,262,244</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,082,521</u></u>	<u><u>\$ 1,984,488</u></u>

CASCADE CHARTER TOWNSHIP
Police Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues		
Taxes:		
Current property taxes	\$ 637,340	\$ 606,792
Delinquent property taxes	5,217	1,372
Industrial facilities taxes	10,672	11,130
Penalties and interest on taxes	656	121
Total taxes	<u>653,885</u>	<u>619,415</u>
Interest and rentals:		
Interest on deposits and investments	80,309	62,329
Other revenue:		
Donations	<u>-</u>	<u>1,750</u>
Total Revenues	<u>734,194</u>	<u>683,494</u>
Expenditures		
Current:		
Law enforcement:		
Other services and charges	<u>714,454</u>	<u>614,417</u>
Net Change in Fund Balances	19,740	69,077
Fund Balances, January 1	<u>1,262,244</u>	<u>1,193,167</u>
Fund Balances, December 31	<u><u>\$ 1,281,984</u></u>	<u><u>\$ 1,262,244</u></u>

CASCADE CHARTER TOWNSHIP
Improvement Revolving Special Revenue Fund
Comparative Balance Sheet
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash equivalents, deposits and investments	\$ 1,174,857	\$ 2,364,137
Accounts receivable	178,573	-
Special assessments receivable	<u>2,739,180</u>	<u>2,692,057</u>
Total Assets	<u><u>\$ 4,092,610</u></u>	<u><u>\$ 5,056,194</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 358,482	\$ 12,606
Due to other funds	19,940	-
Deferred revenue	<u>2,744,261</u>	<u>2,692,057</u>
Total Liabilities	<u>3,122,683</u>	<u>2,704,663</u>
Fund Balances		
Unreserved:		
Designated for capital outlay	<u>969,927</u>	<u>2,351,531</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,092,610</u></u>	<u><u>\$ 5,056,194</u></u>

CASCADE CHARTER TOWNSHIP
Improvement Revolving Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2007 and 2006

	2007	2006
Revenues		
Interest and rentals:		
Interest on deposits and investments	\$ 85,999	\$ 104,273
Interest on special assessments	5,636	6,262
Total interest and rentals	91,635	110,535
Other revenue:		
Special assessments	97,729	94,411
Developer contributions	900,000	122,925
Hookup fees	140,076	568,164
Miscellaneous	-	300
Total other revenue	1,137,805	785,800
Total Revenues	1,229,440	896,335
Expenditures		
Capital outlay	2,224,656	301,724
Debt service:		
Principal repayment	290,000	275,000
Interest and fiscal charges	81,388	90,368
Total debt service	371,388	365,368
Total Expenditures	2,596,044	667,092
Excess (Deficiency) of Revenues Over Expenditures	(1,366,604)	229,243
Other Financing Sources (Uses)		
Transfers out	(15,000)	(17,373)
Net Change in Fund Balances	(1,381,604)	211,870
Fund Balances, January 1	2,351,531	2,139,661
Fund Balances, December 31	\$ 969,927	\$ 2,351,531

CASCADE CHARTER TOWNSHIP
Cascade Dam Major Repair Special Revenue Fund
Comparative Balance Sheet
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash equivalents, deposits and investments	<u>\$ 301,692</u>	<u>\$ 292,942</u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	<u>\$ -</u>	<u>\$ 23,157</u>
Fund Balances		
Unreserved:		
Designated for dam major repair	<u>301,692</u>	<u>269,785</u>
 Total Liabilities and Fund Balances	<u><u>\$ 301,692</u></u>	<u><u>\$ 292,942</u></u>

CASCADE CHARTER TOWNSHIP
Cascade Dam Major Repair Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues		
Interest and rentals:		
Interest on deposits and investments	<u>\$ 11,907</u>	<u>\$ 11,333</u>
Expenditures		
Current:		
Buildings and grounds:		
Other services and charges	<u>-</u>	<u>33,472</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,907</u>	<u>(22,139)</u>
Other Financing Sources		
Transfers in	<u>20,000</u>	<u>20,000</u>
Net Change in Fund Balances	<u>31,907</u>	<u>(2,139)</u>
Fund Balances, January 1	<u>269,785</u>	<u>271,924</u>
Fund Balances, December 31	<u><u>\$ 301,692</u></u>	<u><u>\$ 269,785</u></u>

CASCADE CHARTER TOWNSHIP
Library Special Revenue Fund
Comparative Balance Sheet
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash equivalents, deposits and investments	\$ 1,073,244	\$ 743,952
Taxes receivable	546,593	530,665
Due from other funds	-	3,691
Due from other governmental units	-	5,478
Total Assets	<u><u>\$ 1,619,837</u></u>	<u><u>\$ 1,283,786</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 5,870	\$ 2,610
Deferred revenue	546,593	530,665
Total Liabilities	<u>552,463</u>	<u>533,275</u>
Fund Balances		
Unreserved:		
Designated for capital outlay	400,000	400,000
Undesignated	667,374	350,511
Total Fund Balances	<u>1,067,374</u>	<u>750,511</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,619,837</u></u>	<u><u>\$ 1,283,786</u></u>

CASCADE CHARTER TOWNSHIP
Library Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2007 and 2006

	2007	2006
Revenues		
Taxes:		
Current property taxes	\$ 519,446	\$ 494,547
Delinquent property taxes	4,265	1,118
Industrial facilities taxes	8,700	9,073
Penalties and interest on taxes	535	99
Total taxes	<u>532,946</u>	<u>504,837</u>
Intergovernmental sources:		
Contributions	21,913	21,417
Interest and rentals:		
Interest on deposits and investments	54,065	42,004
Other revenue:		
Donations	<u>96,350</u>	<u>499</u>
Total Revenues	<u>705,274</u>	<u>568,757</u>
Expenditures		
Current:		
Recreation and cultural:		
Library:		
Supplies	3,673	3,196
Other services and charges	170,963	166,934
Capital outlay	<u>7,000</u>	<u>1,094</u>
Total Expenditures	<u>181,636</u>	<u>171,224</u>
Excess of Revenues Over Expenditures	<u>523,638</u>	<u>397,533</u>
Other Financing Sources (Uses)		
Transfers in	-	544
Transfers out	<u>(206,775)</u>	<u>(923,567)</u>
Total Other Financing Sources (Uses)	<u>(206,775)</u>	<u>(923,023)</u>
Net Change in Fund Balances	316,863	(525,490)
Fund Balances, January 1	<u>750,511</u>	<u>1,276,001</u>
Fund Balances, December 31	<u><u>\$ 1,067,374</u></u>	<u><u>\$ 750,511</u></u>

CASCADE CHARTER TOWNSHIP
Pathways Special Revenue Fund
Comparative Balance Sheet
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash equivalents, deposits and investments	\$ 915,162	\$ 805,543
Taxes receivable	561,096	544,743
Due from other funds	<u>-</u>	<u>3,789</u>
Total Assets	<u><u>\$ 1,476,258</u></u>	<u><u>\$ 1,354,075</u></u>
 Liabilities and Fund Balances		
Liabilities		
Due to other governmental units	\$ 80	\$ -
Deferred revenue	<u>561,096</u>	<u>544,743</u>
Total Liabilities	<u>561,176</u>	<u>544,743</u>
 Fund Balances		
Unreserved:		
Undesignated	<u>915,082</u>	<u>809,332</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,476,258</u></u>	<u><u>\$ 1,354,075</u></u>

CASCADE CHARTER TOWNSHIP
Pathways Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2007 and 2006

	2007	2006
Revenues		
Taxes:		
Current taxes	\$ 533,228	\$ 507,670
Delinquent taxes	4,369	1,148
Industrial facilities taxes	8,929	9,312
Penalties and interest on taxes	549	101
Total taxes	<u>547,075</u>	<u>518,231</u>
Interest and rentals:		
Interest on deposits and investments	<u>58,577</u>	<u>48,545</u>
Total Revenues	<u>605,652</u>	<u>566,776</u>
Expenditures		
Current:		
Recreation and cultural:		
Parks and recreation:		
Other services and charges	9,876	11,164
Capital outlay	<u>5,817</u>	<u>2,741</u>
Total recreation and cultural	<u>15,693</u>	<u>13,905</u>
Debt service:		
Principal repayment	290,000	260,000
Interest and fiscal charges	<u>194,209</u>	<u>205,402</u>
Total debt service	<u>484,209</u>	<u>465,402</u>
Total Expenditures	<u>499,902</u>	<u>479,307</u>
Net Change in Fund Balances	105,750	87,469
Fund Balances, January 1	<u>809,332</u>	<u>721,863</u>
Fund Balances, December 31	<u><u>\$ 915,082</u></u>	<u><u>\$ 809,332</u></u>

CASCADE CHARTER TOWNSHIP
Inspections Special Revenue Fund
Comparative Balance Sheet
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash equivalents, deposits and investments	\$ 266,217	\$ 426,512
Due from other funds	<u>3,973</u>	<u>-</u>
Total Assets	<u><u>\$ 270,190</u></u>	<u><u>\$ 426,512</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 6,758	\$ 13,507
Due to other funds	<u>119</u>	<u>-</u>
Total Liabilities	<u>6,877</u>	<u>13,507</u>
 Fund Balances		
Unreserved:		
Undesignated	<u>263,313</u>	<u>413,005</u>
Total Liabilities and Fund Balances	<u><u>\$ 270,190</u></u>	<u><u>\$ 426,512</u></u>

CASCADE CHARTER TOWNSHIP
Inspections Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues		
Licenses and permits:		
Building permits	\$ 105,018	\$ 163,032
Electrical permits	45,979	57,921
Mechanical permits	51,504	60,678
Plumbing permits	26,965	32,037
Permits - other townships	495,898	624,943
Plan reviews	22,395	65,356
Contractor registration fees	12,140	7,567
Total licenses and permits	<u>759,899</u>	<u>1,011,534</u>
Interest and rentals:		
Interest on deposits and investments	16,812	17,820
Other revenue:		
Miscellaneous	959	1,625
Total Revenues	<u>777,670</u>	<u>1,030,979</u>
Expenditures		
Current:		
Public safety:		
Inspections:		
Personnel services	664,064	671,240
Supplies	5,349	7,544
Other services and charges	243,011	275,174
Capital outlay	14,938	2,633
Total Expenditures	<u>927,362</u>	<u>956,591</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(149,692)</u>	<u>74,388</u>
Other Financing Sources (Uses)		
Transfers out	-	(140,048)
Net Change in Fund Balances	<u>(149,692)</u>	<u>(65,660)</u>
Fund Balances, January 1	<u>413,005</u>	<u>478,665</u>
Fund Balances, December 31	<u><u>\$ 263,313</u></u>	<u><u>\$ 413,005</u></u>

CASCADE CHARTER TOWNSHIP
HAZMAT Special Revenue Fund
Comparative Balance Sheet
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash equivalents, deposits and investments	<u>\$ 49,943</u>	<u>\$ 44,464</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	<u>\$ 773</u>	<u>\$ -</u>
Fund Balances		
Unreserved:		
Undesignated	<u>49,170</u>	<u>44,464</u>
Total Liabilities and Fund Balances	<u>\$ 49,943</u>	<u>\$ 44,464</u>

CASCADE CHARTER TOWNSHIP
HAZMAT Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues		
Charges for services:		
HAZMAT fees	\$ 6,000	\$ 9,000
Interest and rentals:		
Interest on deposits and investments	2,356	1,978
Other revenue:		
Reimbursements	<u>712</u>	<u>-</u>
Total Revenues	<u>9,068</u>	<u>10,978</u>
Expenditures		
Current:		
Public safety:		
HAZMAT:		
Supplies	14	116
Other services and charges	810	3,014
Capital outlay	<u>3,538</u>	<u>1,745</u>
Total Expenditures	<u>4,362</u>	<u>4,875</u>
Net Change in Fund Balances	4,706	6,103
Fund Balances, January 1	<u>44,464</u>	<u>38,361</u>
Fund Balances, December 31	<u><u>\$ 49,170</u></u>	<u><u>\$ 44,464</u></u>

DEBT SERVICE FUNDS

To account for the payment of bonds sold to finance water and sewer construction projects and other Township improvements. Financing is provided by collections of charges imposed for connections, interest earnings and debt service transfers from Township funds.

CASCADE CHARTER TOWNSHIP
Debt Service Funds
Combining Balance Sheet
December 31, 2007
With comparative totals for December 31, 2006

	<u>1988 - A</u>	<u>1995 - A</u>	<u>Building Authority</u>
Assets			
Cash equivalents, deposits and investments	\$ 1,323	\$ 81,421	\$ -
Special assessments receivable	<u>244</u>	<u>6,580</u>	<u>-</u>
Total Assets	<u><u>\$ 1,567</u></u>	<u><u>\$ 88,001</u></u>	<u><u>\$ -</u></u>
 Liabilities and Fund Balances			
Liabilities			
Deferred revenue	<u>\$ -</u>	<u>\$ 6,580</u>	<u>\$ -</u>
Fund Balances			
Reserved for debt service	<u>1,567</u>	<u>81,421</u>	<u>-</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,567</u></u>	<u><u>\$ 88,001</u></u>	<u><u>\$ -</u></u>

Totals	
2007	2006
\$ 82,744	\$ 96,529
6,824	9,061
<u>\$ 89,568</u>	<u>\$ 105,590</u>
\$ 6,580	\$ 7,520
82,988	98,070
<u>\$ 89,568</u>	<u>\$ 105,590</u>

CASCADE CHARTER TOWNSHIP
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2007
With comparative totals for the year ended December 31, 2006

	<u>1988 - A</u>	<u>1995 - A</u>	<u>Building Authority</u>
Revenues			
Interest and rentals:			
Interest on deposits and investments	\$ 75	\$ 4,426	\$ -
Interest on special assessments	218	513	-
Total interest and rentals	<u>293</u>	<u>4,939</u>	<u>-</u>
Other revenue:			
Special assessments	<u>-</u>	<u>940</u>	<u>-</u>
Total Revenues	<u>293</u>	<u>5,879</u>	<u>-</u>
Expenditures			
Debt service:			
Principal repayment	14,000	13,000	395,000
Interest and fiscal charges	<u>2,584</u>	<u>6,670</u>	<u>139,802</u>
Total Expenditures	<u>16,584</u>	<u>19,670</u>	<u>534,802</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(16,291)</u>	<u>(13,791)</u>	<u>(534,802)</u>
Other Financing Sources			
Transfers in	<u>15,000</u>	<u>-</u>	<u>534,802</u>
Net Change in Fund Balances	<u>(1,291)</u>	<u>(13,791)</u>	<u>-</u>
Fund Balances, January 1	<u>2,858</u>	<u>95,212</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 1,567</u></u>	<u><u>\$ 81,421</u></u>	<u><u>\$ -</u></u>

Totals	
2007	2006
\$ 4,501	4,937
731	1,098
5,232	6,035
940	5,170
6,172	11,205
422,000	420,000
149,056	163,503
571,056	583,503
(564,884)	(572,298)
549,802	564,883
(15,082)	(7,415)
98,070	105,485
\$ 82,988	\$ 98,070

CAPITAL PROJECTS FUND

Open Space Preservation - to account for private and General Fund contributions for use in open space preservation.

CASCADE CHARTER TOWNSHIP
Open Space Preservation Capital Projects Fund
Comparative Balance Sheet
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash equivalents, deposits and investments	\$ 564,524	\$ 488,838
Due from other funds	<u>50,000</u>	<u>-</u>
Total Assets	<u><u>\$ 614,524</u></u>	<u><u>\$ 488,838</u></u>
 Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Unreserved:		
Designated for capital outlay	<u>614,524</u>	<u>488,838</u>
Total Liabilities and Fund Balances	<u><u>\$ 614,524</u></u>	<u><u>\$ 488,838</u></u>

CASCADE CHARTER TOWNSHIP
Open Space Preservation Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues		
Interest and rentals:		
Interest on deposits and investments	\$ 25,782	\$ 19,059
Other revenue:		
Contributions	<u>50,000</u>	<u>54,264</u>
Total Revenues	<u>75,782</u>	<u>73,323</u>
Expenditures		
Capital outlay	<u>96</u>	<u>3,115</u>
Excess of Revenues Over Expenditures	75,686	70,208
Other Financing Sources		
Transfers in	<u>50,000</u>	<u>45,000</u>
Net Change in Fund Balances	125,686	115,208
Fund Balances, January 1	<u>488,838</u>	<u>373,630</u>
Fund Balances, December 31	<u><u>\$ 614,524</u></u>	<u><u>\$ 488,838</u></u>

PERMANENT FUND

Cemetery Perpetual Care—to accumulate cemetery revenues and interest earnings to be used for cemetery improvements.

CASCADE CHARTER TOWNSHIP
Cemetery Perpetual Care Fund
Comparative Balance Sheet
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash equivalents, deposits and investments	<u>\$ 56,884</u>	<u>\$ 52,281</u>
Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund balances		
Unreserved:		
Designated for cemetery improvements	<u>56,884</u>	<u>52,281</u>
Total Liabilities and Fund Balances	<u>\$ 56,884</u>	<u>\$ 52,281</u>

CASCADE CHARTER TOWNSHIP
Cemetery Perpetual Care Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues		
Interest and rentals:		
Interest on deposits and investments	<u>\$ 2,735</u>	<u>\$ 2,223</u>
Expenditures		
Current:		
Cemetery:		
Other services and charges	<u>397</u>	<u>2,461</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,338</u>	<u>(238)</u>
Other Financing Sources		
Transfers in	<u>2,265</u>	<u>5,690</u>
Net Change in Fund Balances	<u>4,603</u>	<u>5,452</u>
Fund Balances, January 1	<u>52,281</u>	<u>46,829</u>
Fund Balances, December 31	<u><u>\$ 56,884</u></u>	<u><u>\$ 52,281</u></u>

AGENCY FUNDS

Trust Account Agency—to account for the collection of bonds and deposits and payment to the governmental units or other persons entitled to receive these funds.

Tax Account Agency—to account for the collection of current and delinquent property taxes and payment to the governmental units or other persons entitled to receive these funds.

CASCADE CHARTER TOWNSHIP
Agency Funds
Combining Balance Sheet
December 31, 2007
With comparative totals for December 31, 2006

	Trust Account	Tax Account	Totals	
			2007	2006
Assets				
Cash equivalents, deposits and investments	<u>\$ 165,455</u>	<u>\$4,183,043</u>	<u>\$4,348,498</u>	<u>\$5,735,942</u>
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ 5,033	\$ 52,680	\$ 57,713	\$ 57,322
Due to other governmental units	-	4,130,363	4,130,363	5,534,950
Escrow deposits	<u>160,422</u>	<u>-</u>	<u>160,422</u>	<u>143,670</u>
Total Liabilities	<u>165,455</u>	<u>4,183,043</u>	<u>4,348,498</u>	<u>5,735,942</u>
Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 165,455</u>	<u>\$4,183,043</u>	<u>\$4,348,498</u>	<u>\$5,735,942</u>

CASCADE CHARTER TOWNSHIP
All Agency Funds
Combining Schedule of Changes in Assets and Liabilities
For the year ended December 31, 2007

	Balances January 1, 2007	Additions	Deductions	Balances December 31, 2007
Trust Account Fund				
Assets				
Cash equivalents, deposits and investments	\$ 143,670	\$ 69,066	\$ 47,281	\$ 165,455
Liabilities				
Due to other funds	\$ -	\$ 5,033	\$ -	\$ 5,033
Escrow deposits	143,670	64,033	47,281	160,422
Total Liabilities	\$ 143,670	\$ 69,066	\$ 47,281	\$ 165,455
Tax Account Fund				
Assets				
Cash equivalents, deposits and investments	\$ 5,592,272	\$54,760,996	\$56,170,225	\$ 4,183,043
Liabilities				
Accounts payable	\$ -	\$ 131,735	\$ 131,735	\$ -
Due to other funds	57,322	6,578,908	6,583,550	52,680
Due to other governmental units	5,534,950	48,050,353	49,454,940	4,130,363
Total Liabilities	\$ 5,592,272	\$54,760,996	\$56,170,225	\$ 4,183,043
Totals - All Agency Funds				
Assets				
Cash equivalents, deposits and investments	\$ 5,735,942	\$54,830,062	\$56,217,506	\$ 4,348,498
Liabilities				
Accounts payable	\$ -	\$ 131,735	\$ 131,735	\$ -
Due to other funds	57,322	6,583,941	6,583,550	57,713
Due to other governmental units	5,534,950	48,050,353	49,454,940	4,130,363
Escrow deposits	143,670	64,033	47,281	160,422
Total Liabilities	\$ 5,735,942	\$54,830,062	\$56,217,506	\$ 4,348,498

OTHER INFORMATION

CASCADE CHARTER TOWNSHIP
Summary of 2006 Taxes Levied and Collected
For the year ended December 31, 2007

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current * Collections</u>
Ad Valorem Taxes					
Kent County					
Operating	\$1,403,083,103	5.3940	\$ 7,568,063	\$ 290,392	\$ 7,277,671
Drains	7,586,263		9,721	755	8,966
Total Kent County			<u>7,577,784</u>	<u>291,147</u>	<u>7,286,637</u>
Kent District Library	1,403,083,103	0.8800	1,234,676	63,509	1,171,167
State Education Tax					
Caledonia Community Schools	177,062,262	6.0000	1,062,372	14,351	1,048,021
Forest Hills Public Schools	1,196,149,240	6.0000	7,176,881	208,093	6,968,788
Lowell Area Schools	29,871,601	6.0000	179,229	2,649	176,580
Total State Education Tax			<u>8,418,482</u>	<u>225,093</u>	<u>8,193,389</u>
School Districts					
Kent Intermediate School District	1,403,083,103	4.6903	6,580,839	175,958	6,404,881
Grand Rapids Community College	1,403,083,103	1.7865	2,506,566	67,020	2,439,546
Caledonia Community Schools:					
Other	177,062,262	7.0000	1,239,433	43,696	1,195,737
Operating	144,309,841	18.0000	2,597,576	99,122	2,498,454
Forest Hills Public Schools:					
Other	1,196,149,240	7.6000	8,731,803	343,939	8,387,864
Operating	421,990,405	18.0000	7,595,821	434,805	7,161,016
Lowell Area Schools:					
Other	29,871,601	7.0000	209,099	10,367	198,732
Operating	5,479,924	18.0000	98,638	19,362	79,276
Total School Districts			<u>29,559,775</u>	<u>1,194,269</u>	<u>28,365,506</u>
Cascade Charter Township	1,403,083,103				
Operating		0.9716	1,363,194	70,119	1,293,075
Fire		1.3152	1,845,292	94,917	1,750,375
Police		0.4763	668,246	34,373	633,873
Library		0.3882	544,635	28,014	516,621
Pathways		0.3985	559,086	28,758	530,328
Street lighting assessments			69,737	2,774	66,963
Hydrant assessments			39,006	2,242	36,764
Delinquent special assessments			10,776	3,178	7,598
Tax administration fees			518,823	20,368	498,455
Total Township			<u>5,618,795</u>	<u>284,743</u>	<u>5,334,052</u>
Total Ad Valorem Taxes			<u>\$52,409,512</u>	<u>\$2,058,761</u>	<u>\$50,350,751</u>

(Continued)

CASCADE CHARTER TOWNSHIP
Summary of 2006 Taxes Levied and Collected
For the year ended December 31, 2007

Tax Abatements	Taxable Valuation	Rate (Mills)	Taxes Levied	Returned Delinquent	Current * Collections
Industrial Facilities (P.A. 198) New					
Kent County	\$ 47,676,788	2.69700	\$ 128,578	\$ 3,624	\$ 124,954
Kent District Library	47,676,788	0.44000	20,978	1,255	19,723
State education tax:					
Caledonia Community Schools	25,393,403	6.00000	152,360	-	152,360
Forest Hills Public Schools	22,283,385	6.00000	99,360	-	99,360
Kent Intermediate School District	47,676,788	2.34515	111,806	-	111,806
Grand Rapids Community College	47,676,788	0.89325	42,585	-	42,585
Caledonia Community Schools:					
Operating	25,393,403	3.50000	88,877	-	88,877
Other	25,393,403	9.00000	228,540	-	228,540
Forest Hills Public Schools:					
Operating	22,283,385	3.80000	81,334	4,992	76,342
Other	22,283,385	9.00000	210,281	12,837	197,444
Cascade Charter Township:	47,676,788				
Operating		0.48580	23,161	1,386	21,775
Fire		0.65760	31,352	1,876	29,476
Police		0.23815	11,352	679	10,673
Library		0.19410	9,254	554	8,700
Pathways		0.19925	9,497	568	8,929
Tax administration fees			12,492	278	12,214
Total Industrial Facilities (P.A. 198) New			\$ 1,261,807	\$ 28,049	\$ 1,233,758

* Current collections include ad valorem and abated taxes collected for and distributed to the Cascade Charter Township Downtown Development Authority. The following amounts were withheld from the various taxing units and remitted to the DDA:

Kent County	\$ 318,193
Kent District Library	52,646
Grand Rapids Community College	106,876
Cascade Charter Township:	
Operating	58,126
Fire	78,681
Police	28,494
Library	23,224
Pathways	23,840
Total DDA capture	\$ 690,080

Hungerford, Aldrin,
Nichols & Carter, P.C.

CPAs AND CONSULTANTS

June 6, 2008

The Township Board
Cascade Charter Township
Kent County, Michigan

The following comments pertain to our audit of the financial records of Cascade Charter Township as of and for the year ended December 31, 2007. The comments are made in accordance with Statement on Auditing Standards No. 112 "*Communicating Internal Control Related Matters Identified in an Audit*" which has the following two unconditional requirements:

- The auditor must evaluate identified *control deficiencies* and determine whether those deficiencies, individually or in combination, are *significant deficiencies* or *material weaknesses*.
- The auditor *must communicate, in writing, significant deficiencies and material weaknesses* to management and those charged with governance. This communication includes significant deficiencies and material weaknesses identified and communicated to management and those charged with governance in prior audits but not yet remediated.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The following describe circumstances that may be control deficiencies, significant deficiencies, or material weaknesses:

- Inadequate *design* of internal control over a significant account or process.
- Inadequate *documentation* of the components of internal control.
- Insufficient *control consciousness* within the organization, for example, the tone at the top and the control environment.
- Inadequate or absent *segregation of duties* within a significant account or process.
- Inadequate design of *information technology* (IT) general and application controls.
- Inadequate design of *monitoring* controls used to assess the design and operating effectiveness of internal controls.
- The absence of an internal process to *report deficiencies* in internal controls to management on a timely basis.
- Employees or management who *lack the qualifications and training* to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements, the person(s) responsible for the accounting and reporting function lacks the skills and knowledge to apply GAAP and GASB in recording the entity's financial transactions or *preparing its financial statements* (including the notes to basic financial statements.)

Management of Cascade Charter Township is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

In planning and performing our audit of the financial statements of Cascade Charter Township as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Cascade Charter Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we identified one deficiency in internal control that we consider to be a material weakness:

- Officials, management or employees who lack the knowledge and training necessary to apply Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements in preparing the Township's financial statements (including the notes to financial statements).

This communication is intended solely for the information and use of management, the Township Board, others within the organization, and the Michigan Department of Treasury. It is not intended to be and should not be used by anyone other than these specified parties.

Hungerford, Aldrin, Nichols & Benton, P.C.

Certified Public Accountants

Hungerford, Aldrin, Nichols & Carter, P.C.

CPAs AND CONSULTANTS

June 6, 2008

The Township Board
Cascade Charter Township
Kent County, Michigan

The following comments pertain to our audit of the financial records of Cascade Charter Township as of and for the year ended December 31, 2007. The comments are made in accordance with Statement on Auditing Standards (SAS) No. 114 "The Auditor's Communication with Those Charged with Governance" which requires that in all audits, certain matters are to be communicated with those charged with governance in relation to an audit of financial statements. The communications required by SAS No. 114, if pertinent to the examination, are as follows:

The Auditor's Responsibility Under U.S. Generally Accepted Accounting Principles

As stated in our Engagement Letter dated February 20, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you, or management, of your responsibilities.

Auditor's Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable, independence standards. Our policies address financial interest, business and family relationships, and non-audit services that may be thought to bear on independence. In addition, our policies restrict certain non-audit services that may be provided by our firm staff and require our audit clients to accept certain responsibilities in connection with the provision of permitted non-audit services.

An Overview of the Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in the Engagement Letter dated February 20, 2008.

Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our Engagement Letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Cascade Charter Township are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements. There were no adjustments proposed during the audit not accepted and recorded by Cascade Charter Township management.

General Fund

1. \$1,484,127 to record taxes receivable and deferred revenue from the Township 2007 winter tax roll.
2. \$24,854 to properly record year end inter-fund reimbursements of expenditures and adjust the pension withholding account to zero.

Fire Fund

1. \$1,851,928 to record taxes receivable and deferred revenue from the Township 2007 winter tax roll.

Police Fund

1. \$670,649 to record taxes receivable and deferred revenue from the Township 2007 winter tax roll.
2. \$53,363 to record accounts payable for December, 2007 Kent County Sheriff charges.

Library Fund

1. \$546,593 to record taxes receivable and deferred revenue from the Township 2007 winter tax roll.

DDA Fund

1. \$390,050 to record taxes receivable and deferred revenue from the Township 2007 winter tax roll.

Pathways Fund

1. \$561,096 to record taxes receivable and deferred revenue from the Township 2007 winter tax roll.

Improvement Revolving Fund

1. \$172,401 to record developer contribution accounts receivable December 31, 2007.

Disagreements with Management

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Management Representations

We have requested certain representations from management that are included in the Management's Representation Letter dated June 6, 2008.

Other Significant, Relevant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to, and during the process of, the Township's audit. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Significant new auditing standards from the American Institute of Certified Public Accountants were required to be implemented during the 2007 audit process involving the auditor's review, observation evaluation and documentation of the Township's significant areas of internal controls. Our findings and comments regarding the Township's internal control processes and procedures are detailed in Appendix A, attached to this letter.

Closing

This communication is intended solely for the information and use of the Cascade Charter Township Board of Trustees and management and is not intended to be, and should not be, used by anyone other than these specified parties. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

Hungerford, Aldrin, Nichols & Austin, P.C.

Certified Public Accountants

HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC
Appendix A - Comments On Significant Internal Control Areas for
CASCADE CHARTER TOWNSHIP
For the Year Ended December 31, 2007

Listed below are the internal control areas that auditors are now required to review, evaluate and document during the audit process, if those areas are significant to an entity's operations. For each of the areas considered to be "significant" the auditor must answer all of the following questions, inspect supporting documentation and observe client compliance with its prescribed procedures, i.e. "walkthroughs".

1. Is the control placed in operation?
2. What audit assertions apply to this control?
3. Is the control a key control?
4. Is the control dependent on IT?
5. Is the control manual or automated?
6. Is the control properly designed?
7. Is the control implemented?
8. Comments/transactions or documentation examined for walkthrough
9. Is a control deficiency possible?

The significant internal control areas of Cascade Charter Township are listed below. Each bullet point describes the "significant" internal controls that apply in each internal control area. The bolded comments represent suggestions for improvements in the Township's internal controls, based on our observations during the 2007 audit process.

BUDGETS

- Budget adoptions, amendments for all required funds
- Budget accounting principles consistent with actual transactions
- Documented authorization for all budget amendments

CASH

- Cash collection/receipting procedures
- Cash storage/deposit procedures
- Bank account security/authorization policies
- Check preparation/signing/security procedures
 1. **Tax Account Agency Fund disbursement checks should be reviewed by someone independent of the Treasurer's office. A monthly disbursement report listing checks written could be presented to the Township Board for review and/or reviewed by the Township Accountant on a periodic basis.**
- Non-check disbursement authorization/control policies and procedures
- Bank reconciliation preparation/monitoring procedures

HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC
Appendix A - Comments On Significant Internal Control Areas for
CASCADE CHARTER TOWNSHIP
For the Year Ended December 31, 2007

INVESTMENTS

- Investment policy adoption/implementation/monitoring procedures
 1. **The Township Investment Policy should be reviewed annually by the Treasurer and the Township Board (or Finance Committee) to respond to the rapid changes occurring in the investment environment, and to insure compliance with current accounting disclosure requirements. Someone in Township governance (a Finance Committee member) should be responsible for reviewing Township investments on a regular basis to insure that the tenants of the Investment Policy are being followed.**
- Investment purchase approval procedures
- Investment custodial /security policies/procedures
- Investment record keeping/reconciliation procedures
 1. **The Township monthly investment reconciliation spreadsheet(s) should be modified so as to present clearly that the balances on the spreadsheet(s), which represent outstanding investments, reconciles with the investment balances in the general ledger.**
 2. **Interest income should be tracked by each investment on the reconciliation spreadsheet(s), to facilitate tracking investment return to and from the general ledger.**
- Investment return policies/procedures/monitoring

REVENUES AND RECEIVABLES

- Budgeting and actual-to-budget monitoring procedures
- Property tax billing/collection/monitoring procedures
- State revenue sharing verification/reconciliation procedures
- Billing/collection procedures for fees/charges for services

EXPENDITURES AND PAYABLES

- Purchase order initiation/approval/processing procedures
- Invoice processing/approval/payment procedures
- Purchase pricing/cut-off/compliance review procedures
- Budget-to-actual comparison/review procedures

PAYROLL

- Hiring/personnel input procedures
- Timekeeping/approval procedures
- Payroll preparation/distribution/general ledger procedures
 1. **Periodic independent review of the completed payroll preparation process, before payroll checks are printed and distributed, is recommended.**
- Cost allocation procedures/monitoring
- Budget-to-actual comparison/review procedures
- Payroll bank account transaction monitoring/reconciliation
 1. **A documented system of monitoring/review of monthly bank transactions should be implemented, including a review of any electronic, non-check disbursements out of the bank account.**

HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC
Appendix A - Comments On Significant Internal Control Areas for
CASCADE CHARTER TOWNSHIP
For the Year Ended December 31, 2007

CAPITAL ASSETS

- Acquisition/disposal/capitalization approval/documentation
- Asset custody/security/recordkeeping procedures
- Construction project record keeping/monitoring procedures
- Lapse schedule/depreciation record keeping/monitoring procedures
 1. **The Township Accountant should assume responsibility (now completed by the auditors) for the capital asset/depreciation lapse schedule.**

DEBT AND DEBT SERVICE

- Debt issuance and liability transaction approval
- Debt proceeds expenditure/monitoring procedures
- Debt agreement compliance monitoring procedures
- Principal and interest payment/monitoring procedures
- Debt refunding approval/documentation/monitoring